

# **VENTERSDORP LOCAL MUNICIPALITY**



## **APPROVED BUDGET 2010/2011**

**TABLE OF CONTENT**

**PAGE**

**Part 1: Annual Budget**

1. Mayor's Speech
2. Budget Resolutions
3. Executive Summary
4. Annual Budget Tables

## **1. Mayor's Report**

## **2. Budget Resolutions**

### **2.1 Annual Budget for 2010/2011 MTREF**

That Council **APPROVES** the 2010/2011 Budget and MTREF of the Ventersdorp Local Municipality as set out in the following tables

Table A1	Budget Summary
Table A2	Revenue and Expenditure by classification standard
Table A3	Revenue and Expenditure by Municipal Vote
Table A4	Revenue and Expenditure
Table A5	Capital Expenditure by Vote, Standard Classification and Funding
Table A6	Financial Position
Table A7	Cash Flow
Table A8	Cash Backed Reserves
Table A9	Asset Management
Table A10	Service Delivery Measures

### **2.2 Annual Supporting Tables for 2010/2011 MTREF**

That Council **APPROVES** the Annual Budget for the financial year 2010/2011 and indicative year 2011/2012 and 2012/2013 as set out in the following supporting tables

Table SA1	Supporting Details to Budget Financial Performance
Table SA2	Matrix financial Performance Budget
Table SA3	Matrix Financial Performance Position
Table SA4	Reconciliation of IDP Strategic Objectives and Budget (Revenue)
Table SA5	Reconciliation of IDP Strategic Objectives and Budget (Expenditure)

Table SA6	Reconciliation of IDP Strategic Objectives and Budget (Capital)
Table SA7	Measurable Performance Objectives
Table SA8	Performance Indicators and Benchmark
Table SA9	Economic and Demographic
Table SA10	Funding Measurement
Table SA11	Property Rates Summary
Table SA12	Property Rates by Category
Table SA13	Property Rates by Category
Table SA14	Household Bills
Table SA15	Investment Particulars
Table SA16	Investment Particulars by Maturity
Table SA17	Borrowings
Table SA18	Transfers and Grant Receipts
Table SA19	Expenditure on Transfers and Grant Programmes
Table SA20	Reconciliation of Transfers, Grant Receipts and Unspent Funds
Table SA21	Transfer and Grants by the Municipality
Table SA22	Summary of Councillors, and Staff Benefits
Table SA23	Salaries, Allowances and Benefits (Political Office, Managers)
Table SA24	Summary of Personnel
Table SA25	Budgeted Monthly Revenue and Expenditure
Table SA26	Budgeted Monthly Revenue and Expenditure by Municipal Vote
Table SA27	Budgeted Monthly Revenue and Expenditure by Standard Class
Table SA28	Budgeted Monthly Capital Expenditure by Vote
Table SA29	Budgeted Monthly Capital Expenditure by Standard
Table SA30	Monthly Cash flow

Table SA31	Municipal Entities
Table SA32	External Mechanism
Table SA33	Contract Having Future Budgetary Implications
Table SA34	Capital Expenditure on New Assets by Class
Table SA35	Financial Implication on the Capital Budget
Table SA36	Detailed Capital Budget
Table SA37	Project Delayed From Previous Year

### **2.3 Tariffs**

That Council **APPROVES** the Tariffs for the 2010/2011 year.

### **2.4 Budget Related Policies**

That Council **APPROVES** the Budget Related Policies

## **3. Executive Summary**

### **3.1 Background**

The Budget outlines the Municipality's revenue and spending plan and explains how money raised through Rates and Taxes, Services Charges and Transfers from other spheres of government will be spent on delivering sustainable services to the community. The aim of the Budget is to build a better life for all the people within the Ventersdorp Local Municipality jurisdiction.

### **3.2 Financial Management**

The Ventersdorp Local Municipality Budget has shown growth the 2009/2010 of 17,81%, Although the Capital Expenditure has grown from R 17 887 000 to R 26 271 000, it must be noted that there 2010/2011 is driven mainly by MIG Roll Overs from the 2009/2010 year.

### **3.3 Budget highlights**

Tables A1-A9 and supporting tables SA1-SA37 provides detailed of the Municipality's Budget including its summaries and highlights.

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Table A1 Budget Summary

Description	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b><u>Financial Performance</u></b>										
Property rates	2 666	2 799	3 074	3 584	3 180	3 184	–	4 613	4 982	5 430
Service charges	19 403	18 897	20 569	34 388	27 696	26 538	–	37 250	40 010	43 440
Investment revenue	22	618	675	60	200	198	–	120	127	135
Transfers recognised - operational	14 964	22 169	25 471	32 712	33 313	31 738	–	40 017	44 904	49 248
Other own revenue	18 430	14 669	9 243	11 353	9 186	10 256	–	9 519	9 958	10 417
	55 485	59 151	59 032	82 098	73 575	71 914	–	91 520	99 981	108 670
<b>Total Revenue (excluding capital transfers and contributions)</b>										
Employee costs	19 819	18 201	19 107	28 553	24 821	24 246	–	31 291	33 672	35 801
Remuneration of councillors	–	–	2 057	2 027	2 047	2 047	–	2 661	2 864	3 035
Depreciation & asset impairment	–	–	–	–	–	–	–	–	–	–
Finance charges	–	–	2 801	3 018	2 751	2 856	–	3 173	3 116	3 099
Materials and bulk purchases	7 715	8 005	8 421	13 372	13 372	14 573	–	16 591	18 619	21 718
Transfers and grants	–	–	–	–	–	–	–	–	–	–
Other expenditure	24 549	31 598	37 857	33 225	31 896	31 427	–	37 722	41 253	44 290
<b>Total Expenditure</b>	52 083	57 804	70 243	80 195	74 888	75 149	–	91 438	99 524	107 943
<b>Surplus/(Deficit)</b>	3 402	1 347	(11 211)	1 902	(1 313)	(3 234)	–	82	457	727
Transfers recognised - capital	5 600	7 002	10 575	14 406	14 406	14 406	–	16 668	20 040	24
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
	9 002	8 349	(636)	16 308	13 093	11 172	–	16 750	20 497	751
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>										
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	9 002	8 349	(636)	16 308	13 093	11 172	–	16 750	20 497	751
<b><u>Capital expenditure &amp; funds sources</u></b>										
<b>Capital expenditure</b>	5 300	6 898	–	13 746	17 886	–	–	26 271	20 040	24 374
Transfers recognised - capital	5 600	7 002	10 575	13 746	15 373	–	–	26 271	20 040	24 374
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	1 300	–	–	–	–	–
Internally generated funds	–	–	–	–	1 214	–	–	–	–	–

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

<b>Total sources of capital funds</b>	<b>5 600</b>	<b>7 002</b>	<b>10 575</b>	<b>13 746</b>	<b>17 887</b>	<b>-</b>	<b>-</b>	<b>26 271</b>	<b>20 040</b>	<b>24 374</b>
<b><u>Financial position</u></b>										
Total current assets	-	-	-	7 000	7 000	8 600	-	8 500	9 000	77 000
Total non current assets	-	-	-	2 100	2 100	2 100	-	2 100	2 100	2 100
Total current liabilities	-	-	-	-	-	-	-	-	-	-
Total non current liabilities	-	-	-	-	-	-	-	-	-	-
Community wealth/Equity	-	-	-	-	-	-	-	-	-	-
<b><u>Cash flows</u></b>										
Net cash from (used) operating	-	-	-	-	-	-	-	16 724	22 497	29 692
Net cash from (used) investing	-	-	-	-	-	-	-	(16 668)	(20 040)	(24 374)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	-	-	-	-	-	-	-	56	2 513	7 831
<b><u>Cash backing/surplus reconciliation</u></b>										
Cash and investments available	-	-	-	4 100	4 100	6 700	-	4 100	4 100	4 100
Application of cash and investments	-	-	-	-	-	-	-	(6 437)	(7 070)	(35 589)
<b>Balance - surplus (shortfall)</b>	-	-	-	4 100	4 100	6 700	-	10 537	11 170	39 689
<b><u>Asset management</u></b>										
Asset register summary (WDV)	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-	-
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	3 508	3 508	3 723	3 941
<b><u>Free services</u></b>										
Cost of Free Basic Services provided	-	-	-	2 920	2 920	2 920	5 730	5 730	6 084	6 444
Revenue cost of free services provided	-	-	-	-	-	-	14 206	14 206	15 241	16 422
<b><u>Households below minimum service level</u></b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b><u>Revenue - Standard</u></b>										
<i>Governance and administration</i>		24,171	29,147	5,914	34,590	34,178	34,640	41,997	47,170	51,879
Executive and council		3,367	5,615	5,384	5,646	5,442	3,871	5,176	5,585	6,044
Budget and treasury office		20,233	22,958	–	28,736	28,736	30,724	36,610	41,360	45,596
Corporate services		571	574	530	208	–	45	212	225	238
<i>Community and public safety</i>		9,421	9,529	8,537	7,264	9,207	8,990	9,470	9,887	10,324
Community and social services		284	400	400	514	397	395	400	407	413
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		8,105	8,137	8,137	6,751	8,810	8,595	9,070	9,480	9,911
Housing		–	–	–	–	–	–	–	–	–
Health		1,033	991	–	–	–	–	–	–	–
<i>Economic and environmental services</i>		2,170	74	72	4,810	739	739	1,748	1,857	1,966
Planning and development		18	44	42	25	12	12	27	29	30
Road transport		2,153	30	30	4,785	727	727	1,721	1,828	1,936
Environmental protection		–	–	–	–	–	–	–	–	–
<i>Trading services</i>		19,722	19,874	20,742	35,433	28,704	27,546	38,304	41,067	44,501
Electricity		12,345	13,281	13,278	25,771	19,589	18,580	28,207	30,365	32,739
Water		3,205	2,205	2,205	5,064	3,922	3,829	4,530	4,661	5,027
Waste water management		4,172	2,632	2,632	2,698	3,137	3,137	3,387	3,725	4,097
Waste management		–	1,756	2,628	1,901	2,056	2,000	2,180	2,315	2,638
<i>Other</i>	4	–	–	–	–	–	–	–	–	–
<b>Total Revenue - Standard</b>	2	55,484	58,624	35,265	82,098	72,828	71,914	91,520	99,981	108,670
<b><u>Expenditure - Standard</u></b>										
<i>Governance and administration</i>	-	33,084	35,367	39,597	35,475	34,904	33,922	40,640	44,564	47,898
Executive and council		16,564	20,495	8,265	6,732	8,551	8,411	10,448	11,134	11,787
Budget and treasury office		14,295	13,946	14,286	17,550	15,836	15,225	21,508	24,183	26,324
Corporate services		2,225	926	17,046	11,193	10,516	10,286	8,684	9,247	9,787
<i>Community and public safety</i>		10,837	11,754	12,291	10,350	10,914	11,091	12,874	13,780	14,622
Community and social services		769	1,438	2,620	2,708	3,116	2,758	3,762	4,014	4,246



## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		8,945	9,473	9,671	7,642	7,798	8,333	9,112	9,766	10,376
Housing		180	101	-	-	-	-	-	-	-
Health		944	741	-	-	-	-	-	-	-
<b><i>Economic and environmental services</i></b>		<b>3,131</b>	<b>3,701</b>	<b>2,905</b>	<b>8,468</b>	<b>6,532</b>	<b>6,540</b>	<b>9,352</b>	<b>9,847</b>	<b>10,315</b>
Planning and development		2,059	2,710	1,924	2,849	2,471	2,638	2,882	2,920	2,959
Road transport		1,072	991	981	5,619	4,061	3,902	6,470	6,927	7,356
Environmental protection		-	-	-	-	-	-	-	-	-
<b><i>Trading services</i></b>		<b>15,219</b>	<b>15,023</b>	<b>15,451</b>	<b>25,902</b>	<b>22,538</b>	<b>23,595</b>	<b>28,573</b>	<b>31,332</b>	<b>35,108</b>
Electricity		11,139	10,983	10,992	17,043	16,258	17,472	20,650	22,966	26,322
Water		1,974	2,141	2,141	5,202	3,910	3,824	4,209	4,404	4,590
Waste water management		2,106	1,170	1,589	2,012	1,476	1,422	2,189	2,335	2,471
Waste management		-	728	728	1,645	895	876	1,524	1,627	1,725
<b><i>Other</i></b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Expenditure - Standard</b>	<b>3</b>	<b>62,271</b>	<b>65,846</b>	<b>70,243</b>	<b>80,195</b>	<b>74,888</b>	<b>75,149</b>	<b>91,438</b>	<b>99,524</b>	<b>107,943</b>
<b>Surplus/(Deficit) for the year</b>		<b>(6,787)</b>	<b>(7,222)</b>	<b>(34,978)</b>	<b>1,902</b>	<b>(2,060)</b>	<b>(3,234)</b>	<b>82</b>	<b>457</b>	<b>727</b>

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
24,171	29,147	5,914	34,590	34,178	34,640	41,997	47,170	51,879
3,367	5,615	5,384	5,646	5,442	3,871	5,176	5,585	6,044
3,367	5,615	5,384	5,646	5,442	3,871	5,176	5,585	6,044
-	-	-	-	-	-	-	-	-
20,233	22,958		28,736	28,736	30,724	36,610	41,360	45,596
571	574	530	208	-	45	212	225	238
-	-		-	-	-	-	-	-
-	-		-	-	-	-	-	-
-	-		-	-	-	-	-	-
571	574	530	208	-	45	212	225	238
9,421	9,529	8,537	7,264	9,207	8,990	9,470	9,887	10,324
284	400	400	514	397	395	400	407	413
206	309	308	432	311	310	309	310	310
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
78	92	92	82	86	85	91	97	103
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
8,105	8,137	8,137	6,751	8,810	8,595	9,070	9,480	9,911
8,095	8,127	8,127	6,742	8,810	8,595	9,060	9,470	9,900
-	-	-	-	-	-	-	-	-
10	10	10	9	-	-	10	10	11
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,033	991	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
1,033	991	-	-	-	-	-	-	-

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

2,170	74	72	4,810	739	739	1,748	1,857	1,966
18	44	42	25	12	12	27	29	30
-	-	-	-	-	-	-	-	-
18	44	42	25	12	12	27	29	30
-	-	-	-	-	-	-	-	-
2,153	30	30	4,785	727	727	1,721	1,828	1,936
-	-	-	-	-	-	-	-	-
2,153	30	30	4,785	727	727	1,721	1,828	1,936
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
19,722	19,874	20,742	35,433	28,704	27,546	38,304	41,067	44,501
12,345	13,281	13,278	25,771	19,589	18,580	28,207	30,365	32,739
12,345	13,281	13,278	25,771	19,589	18,580	28,207	30,365	32,739
-	-	-	-	-	-	-	-	-
3,205	2,205	2,205	5,064	3,922	3,829	4,530	4,661	5,027
3,205	2,205	2,205	5,064	3,922	3,829	4,530	4,661	5,027
-	-	-	-	-	-	-	-	-
4,172	2,632	2,632	2,698	3,137	3,137	3,387	3,725	4,097
4,172	2,632	2,632	2,698	3,137	3,137	3,387	3,725	4,097
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	1,756	2,628	1,901	2,056	2,000	2,180	2,315	2,638
-	1,756	2,628	1,901	2,056	2,000	2,180	2,315	2,638
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
55,484	58,624	35,265	82,098	72,828	71,914	91,520	99,981	108,670
33,084	35,367	39,597	35,475	34,904	33,922	40,640	44,564	47,898
16,564	20,495	8,265	6,732	8,551	8,411	10,448	11,134	11,787

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

7,489	10,707	6,683	4,492	6,172	6,053	6,798	7,231	7,650
9,075	9,788	1,582	2,240	2,380	2,357	3,650	3,903	4,138
14,295	13,946	14,286	17,550	15,836	15,225	21,508	24,183	26,324
2,225	926	17,046	11,193	10,516	10,286	8,684	9,247	9,787
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
2,225	926	17,046	11,193	10,516	10,286	8,684	9,247	9,787
10,837	11,754	12,291	10,350	10,914	11,091	12,874	13,780	14,622
769	1,438	2,620	2,708	3,116	2,758	3,762	4,014	4,246
607	688	687	737	1,119	1,111	1,342	1,441	1,534
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
162	750	750	723	674	322	983	1,055	1,120
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	1,182	1,248	1,323	1,325	1,437	1,519	1,593
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
8,945	9,473	9,671	7,642	7,798	8,333	9,112	9,766	10,376
5,503	5,787	5,985	4,200	4,459	5,198	4,667	4,983	5,288
697	397	397	946	849	841	1,527	1,646	1,753
2,745	3,289	3,289	2,495	2,489	2,294	2,918	3,137	3,334
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
180	101	-	-	-	-	-	-	-
944	741	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
944	741	-	-	-	-	-	-	-
3,131	3,701	2,905	8,468	6,532	6,540	9,352	9,847	10,315
2,059	2,710	1,924	2,849	2,471	2,638	2,882	2,920	2,959
861	733	-	-	-	-	-	-	-
1,197	1,977	1,924	2,849	2,471	2,638	2,882	2,920	2,959
-	-	-	-	-	-	-	-	-
1,072	991	981	5,619	4,061	3,902	6,470	6,927	7,356
-	-	-	-	-	-	-	-	-
1,072	991	981	5,437	3,961	3,802	6,435	6,890	7,316
-	-	-	182	100	100	35	37	39

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
15,219	15,023	15,451	25,902	22,538	23,595	28,573	31,332	35,108
11,139	10,983	10,992	17,043	16,258	17,472	20,650	22,966	26,322
11,139	10,983	10,992	17,043	16,258	17,472	20,650	22,966	26,322
-	-	-	-	-	-	-	-	-
1,974	2,141	2,141	5,202	3,910	3,824	4,209	4,404	4,590
1,974	2,141	2,141	5,202	3,910	3,824	4,209	4,404	4,590
-	-	-	-	-	-	-	-	-
2,106	1,170	1,589	2,012	1,476	1,422	2,189	2,335	2,471
2,106	1,170	1,589	2,012	1,476	1,422	2,189	2,335	2,471
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	728	728	1,645	895	876	1,524	1,627	1,725
-	728	728	1,645	895	876	1,524	1,627	1,725
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
62,271	65,846	70,243	80,195	74,888	75,149	91,438	99,524	107,943
(6,787)	(7,222)	(34,978)	1,902	(2,060)	(3,234)	82	457	727

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

**NW401 Ventersdorp - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description  R thousand	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b><u>Revenue by Vote</u></b>	1									
Vote1 - Council General		3,367	5,615	5,384	5,646	5,442	3,871	5,176	5,585	6,044
Vote2 - Municipal Manager		–	–	–	–	–	–	–	–	–
Vote3 - Corporate Services		571	574	530	208	–	45	212	225	238
Vote4- Budget and Treasury Office		20,233	22,958	23,759	28,736	29,483	30,724	36,610	41,360	45,596
Vote5 - Technical Services		21,893	19,950	20,814	40,243	29,443	28,284	40,053	42,924	46,468
Vote6 - Community Services		9,421	9,529	8,537	7,264	9,207	8,990	9,470	9,887	10,324
<b>Total Revenue by Vote</b>	2	<b>55,485</b>	<b>58,625</b>	<b>59,024</b>	<b>82,098</b>	<b>73,575</b>	<b>71,914</b>	<b>91,520</b>	<b>99,981</b>	<b>108,670</b>
<b><u>Expenditure by Vote to be appropriated</u></b>	1									
Vote1 - Council General		7,489	10,707	6,683	4,492	6,172	6,053	6,798	7,231	7,650
Vote2 - Municipal Manager		9,075	9,788	1,582	2,240	2,380	2,357	3,650	3,903	4,138
Vote3 - Corporate Services		2,225	926	17,046	11,193	10,516	10,286	8,684	9,247	9,787
Vote4- Budget and Treasury Office		14,295	13,946	14,286	17,550	15,836	15,225	21,508	24,183	26,324
Vote5 - Technical Services		18,530	18,826	18,356	34,370	29,070	30,135	37,925	41,179	45,423
Vote6 - Community Services		10,657	11,653	12,291	10,350	10,914	11,091	12,874	13,780	14,622

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

---

0		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	62,271	65,846	70,243	80,195	74,888	75,149	91,438	99,524	107,943
Surplus/(Deficit) for the year	2	(6,786)	(7,220)	(11,219)	1,902	(1,313)	(3,234)	82	457	727

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
<b>Revenue by Vote</b>	<b>1</b>									
<b>Vote1 - Council General</b>		3,367	5,615	5,384	5,646	5,442	3,871	5,176	5,585	6,044
Council		3,367	5,615	3,809	4,071	3,867	3,871	5,176	5,585	6,044
Mayor's Office		-	-	1,575	1,575	1,575	-	-	-	-
<b>Vote2 - Municipal Manager</b>		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Vote3 - Corporate Services</b>		571	574	530	208	-	45	212	225	238
		571	574	530	208	-	45	212	225	238
<b>Vote4- Budget and Treasury Office</b>		20,233	22,958	23,759	28,736	29,483	30,724	36,610	41,360	45,596
		20,233	22,958	23,759	28,736	29,483	30,724	36,610	41,360	45,596
<b>Vote5 - Technical Services</b>		21,893	19,950	20,814	40,243	29,443	28,284	40,053	42,924	46,468
Municipal Buildings		18	44	42	25	12	12	27	29	30
Workshop		-	-	-	-	-	-	-	-	-
Public Works		2,153	30	30	4,785	727	727	1,721	1,828	1,936
Sewerage		2,106	2,632	2,632	2,698	3,137	3,137	3,387	3,725	4,097
Refuse		2,066	1,756	2,628	1,901	2,056	2,000	2,180	2,315	2,638
Water		3,205	2,205	2,205	5,064	3,922	3,829	4,530	4,661	5,027
Electricity		12,345	13,281	13,278	25,771	19,589	18,580	28,207	30,365	32,739
Development and Planning		1	2	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Vote6 - Community Services</b>		9,421	9,529	8,537	7,264	9,207	8,990	9,470	9,887	10,324
Fire		-	-	-	-	-	-	-	-	-
Traffic		8,095	8,127	8,127	6,742	8,810	8,595	9,060	9,470	9,900
Community Services		-	-	-	-	-	-	-	-	-
Library		206	309	308	432	311	310	309	310	310
Cemetery		78	92	92	82	86	85	91	97	103
Parks		10	10	10	9	-	-	10	10	11
Health		1,033	991	-	-	-	-	-	-	-



# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	55,485	58,625	59,024	82,098	73,575	71,914	91,520	99,981	108,670
Expenditure by Vote	1									
Vote1 - Council General		7,489	10,707	6,683	4,492	6,172	6,053	6,798	7,231	7,650
Council		3,661	8,539	4,845	3,427	4,448	4,605	5,204	5,539	5,870
Mayor's Office		3,828	2,168	1,838	1,066	1,723	1,449	1,594	1,691	1,779
Vote2 - Municipal Manager		9,075	9,788	1,582	2,240	2,380	2,357	3,650	3,903	4,138
		9,075	9,788	1,582	2,240	2,380	2,357	3,650	3,903	4,138

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

<b>Vote3 - Corporate Services</b>	2,225	926	17,046	11,193	10,516	10,286	8,684	9,247	9,787
	2,225	926	17,046	11,193	10,516	10,286	8,684	9,247	9,787
<b>Vote4- Budget and Treasury Office</b>	14,295	13,946	14,286	17,550	15,836	15,225	21,508	24,183	26,324
	14,295	13,946	14,286	17,550	15,836	15,225	21,508	24,183	26,324
<b>Vote5 - Technical Services</b>	18,530	18,826	18,356	34,370	29,070	30,135	37,925	41,179	45,423
Municipal Buildings	1,197	1,977	1,924	2,849	2,471	2,638	2,882	2,920	2,959
Workshop	–	–	–	182	100	100	35	37	39
Public Works	1,072	991	981	5,437	3,961	3,802	6,435	6,890	7,316
Sewerage	2,106	1,170	1,589	2,012	1,476	1,422	2,189	2,335	2,471
Refuse	–	728	728	1,645	895	876	1,524	1,627	1,725
Water	1,974	2,141	2,141	5,202	3,910	3,824	4,209	4,404	4,590
Electricity	11,139	10,983	10,992	17,043	16,258	17,472	20,650	22,966	26,322
Development and Planning	861	733	–	–	–	–	–	–	–
Housing	180	101	–	–	–	–	–	–	–
<b>Vote6 - Community Services</b>	10,657	11,653	12,291	10,350	10,914	11,091	12,874	13,780	14,622
Fire	697	397	397	946	849	841	1,527	1,646	1,753
Traffic	5,503	5,787	5,985	4,200	4,459	5,198	4,667	4,983	5,288
Community Services	–	–	1,182	1,248	1,323	1,325	1,437	1,519	1,593
Library	607	688	687	737	1,119	1,111	1,342	1,441	1,534
Cemetery	162	750	750	723	674	322	983	1,055	1,120
Parks	2,745	3,289	3,289	2,495	2,489	2,294	2,918	3,137	3,334
Health	944	741	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	62,271	65,846	70,243	80,195	74,888	75,149	91,438	99,524	107,943
Surplus/(Deficit) for the year	2	(6,786)	(7,220)	(11,219)	1,902	(1,313)	(3,234)	82	457	727

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>R thousand</b>	<b>1</b>										
<b><u>Revenue By Source</u></b>											
Property rates	2	2,666	2,799	3,074	3,584	3,180	3,184	–	4,613	4,982	5,430
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue	2	12,327	12,406	13,199	25,726	19,585	18,576	–	28,153	30,308	32,678
Service charges - water revenue	2	3,193	2,101	2,113	4,064	2,918	2,825	–	3,530	3,661	4,027
Service charges - sanitation revenue	2	2,326	2,630	2,630	2,698	3,137	3,137	–	3,387	3,725	4,097
Service charges - refuse revenue	2	1,558	1,760	2,628	1,901	2,056	2,000	–	2,180	2,315	2,638
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		11	66	65	40	19	18	–	45	48	51
Interest earned - external investments		22	618	675	60	200	198	–	120	127	135
Interest earned - outstanding debtors		–	3,975	4	–	–	–	–	–	–	–
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines		8,812	6,690	6,686	5,203	8,001	7,801	–	8,002	8,402	8,822
Licences and permits		661	1,440	1,440	1,540	810	795	–	1,060	1,070	1,080
Agency services		–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		14,964	22,169	25,471	32,712	33,313	31,738	–	40,017	44,904	49,248
Other revenue	2	8,946	2,498	1,048	4,570	355	1,642	–	413	438	464
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>55,485</b>	<b>59,151</b>	<b>59,032</b>	<b>82,098</b>	<b>73,575</b>	<b>71,914</b>	<b>–</b>	<b>91,520</b>	<b>99,981</b>	<b>108,670</b>
<b><u>Expenditure By Type</u></b>											
Employee related costs	2	19,819	18,201	19,107	28,553	24,821	24,246	–	31,291	33,672	35,801
Remuneration of councillors		–	–	2,057	2,027	2,047	2,047	–	2,661	2,864	3,035
Debt impairment	3	–	–	–	–	–	–	–	–	–	–
Depreciation & asset impairment	2	–	–	–	–	–	–	–	–	–	–
Finance charges		–	–	2,801	3,018	2,751	2,856	–	3,173	3,116	3,099
Bulk purchases	2	7,715	8,005	8,421	13,372	13,372	14,573	–	16,591	18,619	21,718
Other materials	8	–	–	–	–	–	–	–	–	–	–
Contracted services		6,039	6,210	7,569	6,139	6,040	6,661	–	6,001	6,365	6,736
Transfers and grants		–	–	–	–	–	–	–	–	–	–

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Other expenditure	4, 5	18,510	25,389	30,287	27,086	25,856	24,766	–	31,721	34,887	37,554
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–
<b>Total Expenditure</b>		<b>52,083</b>	<b>57,804</b>	<b>70,243</b>	<b>80,195</b>	<b>74,888</b>	<b>75,149</b>	<b>–</b>	<b>91,438</b>	<b>99,524</b>	<b>107,943</b>
<b>Surplus/(Deficit)</b>		<b>3,402</b>	<b>1,347</b>	<b>(11,211)</b>	<b>1,902</b>	<b>(1,313)</b>	<b>(3,234)</b>	<b>–</b>	<b>82</b>	<b>457</b>	<b>727</b>
Transfers recognised - capital		5,600	7,002	10,575	14,406	14,406	14,406	–	16,668	20,040	24
Contributions recognised - capital		–	–	–	–	–	–	–	–	–	–
Contributed assets		–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>9,002</b>	<b>8,349</b>	<b>(636)</b>	<b>16,308</b>	<b>13,093</b>	<b>11,172</b>	<b>–</b>	<b>16,750</b>	<b>20,497</b>	<b>751</b>
Taxation		–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after taxation</b>		<b>9,002</b>	<b>8,349</b>	<b>(636)</b>	<b>16,308</b>	<b>13,093</b>	<b>11,172</b>	<b>–</b>	<b>16,750</b>	<b>20,497</b>	<b>751</b>
Attributable to minorities		–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) attributable to municipality</b>		<b>9,002</b>	<b>8,349</b>	<b>(636)</b>	<b>16,308</b>	<b>13,093</b>	<b>11,172</b>	<b>–</b>	<b>16,750</b>	<b>20,497</b>	<b>751</b>
Share of surplus/ (deficit) of associate	7	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>		<b>9,002</b>	<b>8,349</b>	<b>(636)</b>	<b>16,308</b>	<b>13,093</b>	<b>11,172</b>	<b>–</b>	<b>16,750</b>	<b>20,497</b>	<b>751</b>

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

**NW401 Ventersdorp - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding**

Vote Description R thousand	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>Capital expenditure - Vote</b>											
<b><u>Multi-year expenditure to be appropriated</u></b>	2										
Vote1 - Council General		31	-	-	-	-	-	-	-	-	-
Vote2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote3 - Corporate Services		-	-	-	60	60	64	-	-	-	-
Vote4- Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote5 - Technical Services		17,708	8,928	-	7,213	7,213	6,400	-	23,813	20,040	24,374
Vote6 - Community Services		2,069	1,788	-	6,473	6,473	4,850	-	2,458	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	<b>19,808</b>	<b>10,716</b>	<b>-</b>	<b>13,746</b>	<b>13,746</b>	<b>11,314</b>	<b>-</b>	<b>26,271</b>	<b>20,040</b>	<b>24,374</b>
<b><u>Single-year expenditure to be appropriated</u></b>	2										
Vote1 - Council General		-	-	-	-	-	-	-	-	-	-
Vote2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote4- Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote5 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote6 - Community Services		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
0		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Vote</b>		19,808	10,716	-	13,746	13,746	11,314	-	26,271	20,040	24,374
<b>Capital Expenditure - Standard</b>											
<i><b>Governance and administration</b></i>		-	-	-	60	1,927	-	-	-	-	-
Executive and council		-	-	-	-	1,750			-	-	-
Budget and treasury office		-	-	-	-	15			-	-	-
Corporate services		-	-	-	60	162					
<i><b>Community and public safety</b></i>		-	-	-	6,473	7,010	-	-	2,458	-	-
Community and social services		-	-	-	5,973	6,710			2,458	-	-
Sport and recreation		-	-	-	-	-			-	-	-
Public safety		-	-	-	500	300			-	-	-
Housing		-	-	-	-	-			-	-	-
Health		-	-	-	-	-			-	-	-
<i><b>Economic and environmental services</b></i>		5,300	6,898	-	-	3,124	-	-	12,418	7,132	14,270
Planning and development		-	-	-	-	-			-	-	-
Road transport		5,300	6,898	-	-	3,124			12,418	7,132	14,270
Environmental protection		-	-	-	-	-			-	-	-
<i><b>Trading services</b></i>		-	-	-	7,213	5,825	-	-	11,395	12,908	10,104
Electricity		-	-	-	-	-			-	-	-
Water		-	-	-	-	-			2,226	5,700	6,600
Waste water management		-	-	-	7,213	5,825			9,169	5,708	-
Waste management		-	-	-	-	-			-	1,500	3,504
<i><b>Other</b></i>											
<b>Total Capital Expenditure - Standard</b>	3	5,300	6,898	-	13,746	17,886	-	-	26,271	20,040	24,374
<b>Funded by:</b>											
National Government		5,600	7,002	10,575	13,746	15,373			17,481	20,040	24,374
Provincial Government		-	-	-	-	-			-	-	-
District Municipality		-	-	-	-	-			4,439	-	-
Other transfers and grants		-	-	-	-	-			4,351	-	-
<b>Transfers recognised - capital</b>	4	5,600	7,002	10,575	13,746	15,373	-	-	26,271	20,040	24,374

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Public contributions & donations	5				-	-			-	-	-
Borrowing	6				-	1,300			-	-	-
Internally generated funds					-	1,214			-	-	-
<b>Total Capital Funding</b>	<b>7</b>	<b>5,600</b>	<b>7,002</b>	<b>10,575</b>	<b>13,746</b>	<b>17,887</b>	<b>-</b>	<b>-</b>	<b>26,271</b>	<b>20,040</b>	<b>24,374</b>

<i>NW401 Ventersdorp - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding</i>											
Vote Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Capital expenditure - Municipal Vote	2										
Multi-year expenditure appropriation											
Vote1 - Council General		31	-	-	-	-	-	-	-	-	-
Council		31	-	-	-	-	-	-	-	-	-
Mayor's Office		-	-	-	-	-	-	-	-	-	-
Vote2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Vote3 - Corporate Services		-	-	-	60	60	64	-	-	-	-
		-	-	-	60	60	64	-	-	-	-
Vote4- Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-



## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

<b>Vote5 - Technical Services</b>	<b>17,708</b>	<b>8,928</b>	<b>-</b>	<b>7,213</b>	<b>7,213</b>	<b>6,400</b>	<b>-</b>	<b>23,813</b>	<b>20,040</b>	<b>24,374</b>
Municipal Buildings	2,617	2,317	-	-	-	-	-	-	-	-
Workshop	-	-	-	-	-	-	-	-	-	-
Public Works	14,057	5,002	-	-	-	-	12,418	7,132	14,270	-
Sewerage	-	-	7,213	7,213	6,400	9,169	5,708	-	-	-
Refuse	-	-	-	-	-	-	1,500	3,504	-	-
Water	194	1,392	-	-	-	2,226	5,700	6,600	-	-
Electricity	840	217	-	-	-	-	-	-	-	-
Development and Planning										
Housing										
<b>Vote6 - Community Services</b>	<b>2,069</b>	<b>1,788</b>	<b>-</b>	<b>6,473</b>	<b>6,473</b>	<b>4,850</b>	<b>-</b>	<b>2,458</b>	<b>-</b>	<b>-</b>
Fire	1,624	-	-	-	-	-	-	-	-	-
Traffic	-	-	500	500	-	-	-	-	-	-
Community Services	-	-	5,973	5,973	4,850	2,458	-	-	-	-
Library	421	4	-	-	-	-	-	-	-	-
Cemetery	-	-	-	-	-	-	-	-	-	-
Parks	24	1,784	-	-	-	-	-	-	-	-
Health										
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total		19,808	10,716	-	13,746	13,746	11,314	-	26,271	20,040	24,374
Capital expenditure - Municipal Vote	2										
Single-year expenditure appropriation											
Vote1 - Council General		-	-	-	-	-	-	-	-	-	-
Council									-	-	-
Mayor's Office									-	-	-
Vote2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
									-	-	-
Vote3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
									-	-	-
Vote4- Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
									-	-	-
Vote5 - Technical Services		-	-	-	-	-	-	-	-	-	-
Municipal Buildings									-	-	-
Workshop									-	-	-
Public Works									-	-	-
Sewerage									-	-	-
Refuse									-	-	-
Water									-	-	-
Electricity									-	-	-
Development and Planning									-	-	-
Housing									-	-	-
Vote6 - Community Services		-	-	-	-	-	-	-	-	-	-

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Fire								-	-	-
Traffic								-	-	-
Community Services								-	-	-
Library								-	-	-
Cemetery								-	-	-
Parks								-	-	-
Health										
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure		19,808	10,716	-	13,746	13,746	11,314	-	26,271	20,040	24,374

NW401 Ventersdorp - Table A6 Budgeted Financial Position

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		-	-								
Call investment deposits	1	-	-	-	2,000	2,000	4,600	-	2,000	2,000	2,000
Consumer debtors	1	-	-	-	5,000	5,000	4,000	-	6,500	7,000	75,000
Other debtors		-	-								
Current portion of long-term receivables		-	-								
Inventory	2	-	-								
<b>Total current assets</b>		-	-	-	7,000	7,000	8,600	-	8,500	9,000	77,000
<b>Non current assets</b>											
Long-term receivables		-	-								
Investments		-	-		2,100	2,100	2,100		2,100	2,100	2,100
Investment property		-	-								
Investment in Associate		-	-								
Property, plant and equipment	3	-	-	-	-	-	-	-	-	-	-
Agricultural											
Biological											
Intangible											
Other non-current assets											
<b>Total non current assets</b>		-	-	-	2,100	2,100	2,100	-	2,100	2,100	2,100
<b>TOTAL ASSETS</b>		-	-	-	9,100	9,100	10,700	-	10,600	11,100	79,100
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1	-	-								
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits		-	-								
Trade and other payables	4	-	-	-	-	-	-	-	-	-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Provisions		-	-	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>		-	-	-	-	-	-	-	-	-	-
<b>Non current liabilities</b>											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		-	-	-	-	-	-	-	-	-	-
<b>Total non current liabilities</b>		-	-	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>		-	-	-	-	-	-	-	-	-	-
<b>NET ASSETS</b>	5	-	-	-	9,100	9,100	10,700	-	10,600	11,100	79,100
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)											
Reserves	4	-	-	-	-	-	-	-	-	-	-
Minorities' interests											
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	-	-	-	-	-	-	-	-	-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Table A7 Budgeted Cash Flows

Description  R thousand	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
Receipts											
Ratepayers and other									52,373	56,001	60,401
Government - operating	1								39,147	43,980	48,269
Government - capital	1								16,668	20,040	24,374
Interest									-	-	-
Dividends									-	-	-
Payments											
Suppliers and employees									(88,341)	(94,461)	(100,309)
Finance charges									(3,123)	(3,063)	(3,043)
Transfers and Grants	1								-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		-	-	-	-	-	-	-	16,724	22,497	29,692
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Receipts											
Proceeds on disposal of PPE			-						-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets									(16,668)	(20,040)	(24,374)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		-	-	-	-	-	-	-	(16,668)	(20,040)	(24,374)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing											
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		-	-	-	-	-	-	-	-	-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		-	-	-	-	-	-	-	56	2,457	5,318
Cash/cash equivalents at the year begin:	2		-	-				-		56	2,513
Cash/cash equivalents at the year end:	2	-	-	-	-	-	-	-	56	2,513	7,831

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description  R thousand	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b><u>Cash and investments available</u></b>											
Cash/cash equivalents at the year end	1	-	-	-	-	-	-	-	56	2,513	7,831
Other current investments > 90 days		-	-	-	2,000	2,000	4,600	-	1,944	(513)	(5,831)
Non current assets - Investments	1	-	-	-	2,100	2,100	2,100	-	2,100	2,100	2,100
<b>Cash and investments available:</b>		-	-	-	<b>4,100</b>	<b>4,100</b>	<b>6,700</b>	-	<b>4,100</b>	<b>4,100</b>	<b>4,100</b>
<b><u>Application of cash and investments</u></b>											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	-	-	-	-	-	(6,437)	(7,070)	(35,589)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		-	-	-	-	-	-	-	<b>(6,437)</b>	<b>(7,070)</b>	<b>(35,589)</b>
<b>Surplus(shortfall)</b>		-	-	-	<b>4,100</b>	<b>4,100</b>	<b>6,700</b>	-	<b>10,537</b>	<b>11,170</b>	<b>39,689</b>



# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
<b>CAPITAL EXPENDITURE</b>										
<u>Total New Assets</u>	1	-	-	-	-	-	-	26,271	12,914	10,100
Infrastructure - Road transport		-	-	-	-	-	-	12,418	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	5,500	3,500
Infrastructure - Water		-	-	-	-	-	-	2,226	5,700	6,600
Infrastructure - Sanitation		-	-	-	-	-	-	9,169	1,714	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	23,873	12,914	10,100
Community		-	-	-	-	-	-	2,458	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4	-	-	-	-	-	-	12,418	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	5,500	3,500
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Infrastructure - Water		-	-	-	-	-	-	2,226	5,700	6,600
Infrastructure - Sanitation		-	-	-	-	-	-	9,169	1,714	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	23,813	12,914	10,100
Community		-	-	-	-	-	-	2,458	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>2</b>	-	-	-	-	-	-	<b>26,271</b>	<b>12,914</b>	<b>10,100</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>									
Infrastructure - Road transport										
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other										
Infrastructure		-	-	-	-	-	-	-	-	-
Community										
Heritage assets										
Investment properties		-	-	-	-	-	-	-	-	-
Other assets										
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>	-	-	-	-	-	-	-	-	-
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>		-	-	-	-	-	-	-	-	-
<b>Repairs and Maintenance by Asset Class</b>	<b>3</b>	-	-	-	-	-	-	3,508	3,723	3,941
Infrastructure - Road transport		-	-	-	-	-	-	700	743	787
Infrastructure - Electricity		-	-	-	-	-	-	800	850	900
Infrastructure - Water		-	-	-	-	-	-	270	287	304
Infrastructure - Sanitation		-	-	-	-	-	-	450	478	506
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	2,220	2,358	2,497
Community		-	-	-	-	-	-	135	143	152

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties	6,	-	-	-	-	-	-	-	-	-
Other assets	7	-	-	-	-	-	-	1,153	1,222	1,293
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		-	-	-	-	-	-	<b>3,508</b>	<b>3,723</b>	<b>3,941</b>
<i>% of capital exp on renewal of assets</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&amp;M as a % of PPE</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal and R&amp;M as a % of PPE</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

### References

1. Detail of new assets provided in Table SA34a
  2. Detail of renewal of existing assets provided in Table SA34b
  3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c
  4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure
  5. Must reconcile to 'Budgeted Financial Position' (written down value)
  6. Donated/contributed and assets funded by finance leases to be allocated to the respective category
  7. Including repairs and maintenance to agricultural, biological and intangible assets
- Check balance to SFPos*

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Table A10 Basic service delivery measurement

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>Household service targets (000)</b>	1									
<u>Water:</u>										
Piped water inside dwelling					2	2	2	3	3	4
Piped water inside yard (but not in dwelling)					3	3	3	3	3	4
Using public tap (at least min.service level)	2				-	-	-	-	-	-
Other water supply (at least min.service level)	4				-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	5	5	5	5	6	7
Using public tap (< min.service level)	3				-	-	-	-	-	-
Other water supply (< min.service level)	4				-	-	-	-	-	-
No water supply					-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	5	5	5	5	6	7
<u>Sanitation/sewerage:</u>										
Flush toilet (connected to sewerage)					5	5	5	5	5	5
Flush toilet (with septic tank)					-	-	-	-	-	-
Chemical toilet										
Pit toilet (ventilated)					2	2	2	3	3	3
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	7	7	7	8	8	8
Bucket toilet					-	-	-	-	-	-
Other toilet provisions (< min.service level)					-	-	-	-	-	-
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	7	7	7	8	8	8
<u>Energy:</u>										
Electricity (at least min.service level)					3	3	3	3	3	3
Electricity - prepaid (min.service level)					3	3	3	3	3	3
<i>Minimum Service Level and Above sub-total</i>		-	-	-	30	6	6	6	6	6

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Electricity (< min.service level)									
Electricity - prepaid (< min. service level)									
Other energy sources									
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	6	6	6	6	6
<b><u>Refuse:</u></b>									
Removed at least once a week				6	6	6	6	6	6
<i>Minimum Service Level and Above sub-total</i>		-	-	-	6	6	6	6	6
Removed less frequently than once a week				-	-	-	-	-	-
Using communal refuse dump									
Using own refuse dump									
Other rubbish disposal									
No rubbish disposal									
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	6	6	6	6	6
<b><u>Households receiving Free Basic Service</u></b>	7								
Water (6 kilolitres per household per month)				6	6	6	6	6	6
Sanitation (free minimum level service)				3	3	3	3	3	3
Electricity/other energy (50kwh per household per month)				3	3	3	3	3	3
Refuse (removed at least once a week)				3	3	3	3	3	3
<b><u>Cost of Free Basic Services provided (R'000)</u></b>	8								
Water (6 kilolitres per household per month)				1,295	1,295	1,295	1,080	1,146	1,215
Sanitation (free sanitation service)				255	255	255	1,550	1,646	1,743
Electricity/other energy (50kwh per household per month)				1,200	1,200	1,200	1,900	2,018	2,137
Refuse (removed once a week)				170	170	170	1,200	1,274	1,350
<b>Total cost of FBS provided (minimum social package)</b>		-	-	-	2,920	2,920	2,920	5,730	6,084
<b><u>Highest level of free service provided</u></b>									
Property rates (R'000 value threshold)				-	-	-	-	-	-
Water (kilolitres per household per month)									
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)									

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Electricity (kwh per household per month)										
Refuse (average litres per week)										
<b>Revenue cost of free services provided (R'000)</b>	9							8,476	9,154	9,978
Property rates (R15 000 threshold rebate)										
Property rates (other exemptions, reductions and rebates)								-	-	-
<b>Revenue cost of free services provided (total social package)</b>										
Water	Ref	2006/7	2007/8	2008/9		Current Year 2009/10		1,080	1,147	1,215
Sanitation								1,550	1,617	1,685
Electricity/other energy								1,900	2,020	2,137
Refuse								1,200	1,274	1,350
Municipal Housing - rental rebates								-	-	-
Housing - top structure subsidies	6							-	-	-
Other								-	-	-
<b>Total revenue cost of free services provided (total social package)</b>		-	-	-	-	-	-	14,206	15,241	16,422

Supporting detail to 'Budgeted Financial Performance'

2010/11 Medium Term Revenue & Expenditure Framework

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>	6										
Total Property Rates		2,666	2,799	3,074	3,584	3,180	3,184		13,089	14,136	15,408
<i>less Revenue Foregone</i>									8,476	9,154	9,978
<b>Net Property Rates</b>		2,666	2,799	3,074	3,584	3,180	3,184	–	4,613	4,982	5,430
<b>Service charges - electricity revenue</b>	6										
Total Service charges - electricity revenue		12,327	12,406	13,199	25,726	19,585	18,576		30,053	32,326	34,815
<i>less Revenue Foregone</i>									1,900	2,018	2,137
<b>Net Service charges - electricity revenue</b>		12,327	12,406	13,199	25,726	19,585	18,576	–	28,153	30,308	32,678
<b>Service charges - water revenue</b>	6										
Total Service charges - water revenue		3,193	2,101	2,113	4,064	2,918	2,825		4,610	4,808	5,242
<i>less Revenue Foregone</i>									1,080	1,147	1,215
<b>Net Service charges - water revenue</b>		3,193	2,101	2,113	4,064	2,918	2,825	–	3,530	3,661	4,027
<b>Service charges - sanitation revenue</b>											
Total Service charges - sanitation revenue		2,326	2,630	2,630	2,698	3,137	3,137		4,937	5,371	5,840
<i>less Revenue Foregone</i>									1,550	1,646	1,743
<b>Net Service charges - sanitation revenue</b>		2,326	2,630	2,630	2,698	3,137	3,137	–	3,387	3,725	4,097
<b>Service charges - refuse revenue</b>	6										
Total refuse removal revenue		1,558	1,760	2,628	1,901	2,056	2,000		3,380	3,590	3,987
Total landfill revenue									–	–	–
<i>less Revenue Foregone</i>									1,200	1,274	1,350
<b>Net Service charges - refuse revenue</b>		1,558	1,760	2,628	1,901	2,056	2,000	–	2,180	2,315	2,638
<b>Other Revenue by source</b>											
Fuel levy		–	–	–	–	–	–		–	–	–
Other revenue	3	8,946	2,498	1,048	4,570	355	1,642		413	438	464
<b>Total 'Other' Revenue</b>	1	8,946	2,498	1,048	4,570	355	1,642	–	413	438	464
<b>EXPENDITURE ITEMS:</b>											
<b>Employee related costs</b>											

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Salaries and Wages	2	13,981	12,093	12,814	20,401	17,266	16,776		22,361	24,034	25,474
Contributions to UIF, pensions, medical aid		3,309	3,411	3,632	5,320	4,246	4,180		5,545	6,074	6,594
Travel, motor car, accom; & other allowances		1,671	1,742	925	738	1,221	1,211		1,751	1,840	1,931
Housing benefits and allowances		203	132	178	316	411	407		665	681	698
Overtime		656	653	761	568	639	635		590	634	672
Performance bonus		–	–	–	–	–	–		–	–	–
Long service awards		–	–	–	–	–	–		–	–	–
Payments in lieu of leave		–	170	796	1,209	1,040	1,037		380	409	434
Post-retirement benefit obligations	4										
<i>sub-total</i>	5	19,819	18,201	19,107	28,553	24,821	24,246	–	31,291	33,672	35,801
Less: Employees costs capitalised to PPE											
<b>Total Employee related costs</b>	1	19,819	18,201	19,107	28,553	24,821	24,246	–	31,291	33,672	35,801
<b>Contributions recognised - capital</b>											
<i>List contributions by contract</i>		–	–	–	–	–	–		–	–	–
<b>Total Contributions recognised - capital</b>		–	–	–	–	–	–	–	–	–	–
<b>Depreciation &amp; asset impairment</b>											
Depreciation of Property, Plant & Equipment		–	–	–	–	–	–		–	–	–
Lease amortisation		–	–	–	–	–	–		–	–	–
Capital asset impairment		–	–	–	–	–	–		–	–	–
<b>Total Depreciation &amp; asset impairment</b>	1	–	–	–	–	–	–	–	–	–	–
<b>Bulk purchases</b>											
Electricity Bulk Purchases		7,040	7,256	7,598	12,307	12,307	13,500		15,375	17,327	20,349
Water Bulk Purchases		675	749	824	1,065	1,065	1,073		1,217	1,292	1,369
<b>Total bulk purchases</b>	1	7,715	8,005	8,421	13,372	13,372	14,573	–	16,591	18,619	21,718
<b>Contracted services</b>											
<i>Business Connection Support</i>		1,646	506	532	500	600	590		500	531	562
<i>Contour Technology</i>		110	157	156	150	150	144		180	191	202
<i>Debt Manager</i>		–	577	1,471	1,500	1,000	980		700	743	787
<i>Internet Solution</i>		90	98	103	120	100	96		132	139	148
<i>IT Support</i>		–	–	–	–	300	290		520	552	585
<i>Refuse Removal</i>		282	300	300	720	350	340		550	578	606
<i>Testing Station</i>		–	–	–	–	–	–		165	175	186
<i>Meter Reading</i>		149	178	232	225	200	196		248	263	278
<i>Security Services</i>		156	188	188	324	230	214		356	379	401
<i>TMT</i>		3,606	4,206	4,206	2,600	3,000	3,800		2,650	2,814	2,980



## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

<i>Contractors Cost</i>											
		–	–	382	–	110	11		–	–	–
<i>sub-total</i>	1	6,039	6,210	7,569	6,139	6,040	6,661	–	6,001	6,365	6,736
<b>Allocations to organs of state:</b>											
Electricity		–	–	–	–	–	–		–	–	–
Water		–	–	–	–	–	–		–	–	–
Sanitation		–	–	–	–	–	–		–	–	–
Other		–	–	–	–	–	–		–	–	–
<b>Total contracted services</b>		6,039	6,210	7,569	6,139	6,040	6,661	–	6,001	6,365	6,736
<b>Other Expenditure By Type</b>											
<b>Repairs and maintenance (to be deleted)</b>		1,421	659	696	3,870	3,082	3,026		4,508	4,723	4,941
Collection costs		–	–	–	–	–	–		–	–	–
Contributions to 'other' provisions		–	–	2,000	5,000	5,000	5,000		6,500	8,000	9,000
Consultant fees		–	–	–	–	–	–		–	–	–
Audit fees		26	2,998	2,488	800	800	800		800	850	900
General expenses	3	17,063	21,731	25,103	17,416	16,974	15,940		19,913	21,314	22,713
<b>Total 'Other' Expenditure</b>	1	18,510	25,389	30,287	27,086	25,856	24,766	–	31,721	34,887	37,554

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

**NW401 Ventersdorp - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)**

Description	Ref	Vote1 - Council General	Vote2 - Municipal Manager	Vote3 - Corporate Services	Vote4 - Budget and Treasury Office	Vote5 - Technical Services	Vote6 - Community Services		Total
R thousand	1								
<b>Revenue By Source</b>									
Property rates		4,613	-	-	-	-	-		4,613
Property rates - penalties & collection charges		-	-	-	-	-	-		-
Service charges - electricity revenue		-	-	-	-	28,153	-		28,153
Service charges - water revenue		-	-	-	-	3,029	-		3,029
Service charges - sanitation revenue		-	-	-	-	3,387	-		3,387
Service charges - refuse revenue		-	-	-	-	2,180	-		2,180
Service charges - other		-	-	-	-	-	-		-
Rental of facilities and equipment		-	-	-	-	45	-		45
Interest earned - external investments		-	-	-	120	-	-		120
Interest earned - outstanding debtors		-	-	-	-	-	-		-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Dividends received	-	-	-	-	-	-	-
Fines	-	-	-	-	-	8,000	8,000
Licences and permits	-	-	-	-	-	1,060	1,060
Agency services	-	-	-	-	-	-	-
Other revenue	13	-	212	26	656	9	916
Transfers recognised - operational	550	-	-	36,464	2,703	300	40,017
Gains on disposal of PPE							-
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>5,176</b>	<b>-</b>	<b>212</b>	<b>36,610</b>	<b>40,153</b>	<b>9,369</b>	<b>-</b>
<b>Expenditure By Type</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Employee related costs	1,409	2,635	3,642	4,933	13,803	4,870	31,291
Remuneration of councillors	2,661	-	-	-	-	-	2,661
Debt impairment	-	-	-	6,500	-	-	6,500
Depreciation & asset impairment	-	-	-	-	-	-	-
Finance charges	390	-	-	-	2,783	-	3,173
Bulk purchases	-	-	-	-	16,591	-	16,591
Other materials	-	-	-	-	-	-	-
Contracted services	-	520	132	1,628	906	2,815	6,001
Transfers and grants	-	-	-	-	-	-	-
Other expenditure	2,339	495	4,910	8,447	7,741	1,289	25,221
Loss on disposal of PPE	-	-	-	-	-	-	-
<b>Total Expenditure</b>	<b>6,798</b>	<b>3,650</b>	<b>8,684</b>	<b>21,508</b>	<b>41,825</b>	<b>8,973</b>	<b>-</b>
<b>Surplus/(Deficit)</b>	<b>(1,622)</b>	<b>(3,650)</b>	<b>(8,472)</b>	<b>15,102</b>	<b>(1,671)</b>	<b>396</b>	<b>82</b>
Transfers recognised - capital	-	-	-	-	-	-	-
Contributions recognised - capital						-	

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

		-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(1,622)	(3,650)	(8,472)	15,102	(1,671)	396	-	82

669,393

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table  
SA3 Supporting detail to 'Budgeted  
Financial Position'

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand											
<b>ASSETS</b>											
Call investment deposits											
Call deposits < 90 days		-	-	-	2,000	2,000	4,600		2,000	2,000	2,000
Other current investments > 90 days		-	-	-	-	-	-		-	-	-
<b>Total Call investment deposits</b>	2	-	-	-	2,000	2,000	4,600	-	2,000	2,000	2,000
Consumer debtors											
Consumer debtors		-	-	-	-	-	-		-	-	-
Less: Provision for debt impairment		-	-	-	5,000	5,000	4,000		6,500	7,000	75,000
<b>Total Consumer debtors</b>	2	-	-	-	5,000	5,000	4,000	-	6,500	7,000	75,000
Debt impairment provision											
Balance at the beginning of the year		-	-	-	-	-	-		-	-	-
Contributions to the provision											
Bad debts written off											
<b>Balance at end of year</b>		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)											
Leases recognised as PPE	3										
Less: Accumulated depreciation											
<b>Total Property, plant and equipment (PPE)</b>	2	-	-	-	-	-	-	-	-	-	-
<b>LIABILITIES</b>											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities											
<b>Total Current liabilities - Borrowing</b>		-	-	-	-	-	-	-	-	-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Trade and other payables										
Trade and other creditors										
Unspent conditional transfers										
VAT										
<b>Total Trade and other payables</b>	2	-	-	-	-	-	-	-	-	-
<b>Non current liabilities - Borrowing</b>										
Borrowing	4									
Finance leases (including PPP asset element)										
<b>Total Non current liabilities - Borrowing</b>		-	-	-	-	-	-	-	-	-
<b>Provisions - non-current</b>										
Retirement benefits										
List other major provision items										
Refuse landfill site rehabilitation										
Other										
<b>Total Provisions - non-current</b>		-	-	-	-	-	-	-	-	-
<b>CHANGES IN NET ASSETS</b>										
<b>Accumulated Surplus/(Deficit)</b>										
Accumulated Surplus/(Deficit) - opening balance										
GRAP adjustments										
Restated balance		-	-	-	-	-	-	-	-	-
Surplus/(Deficit)		9,002	8,349	(636)	16,308	13,093	11,172	-	16,750	20,497
Appropriations to Reserves										
Transfers from Reserves										
Depreciation offsets										
Other adjustments										
<b>Accumulated Surplus/(Deficit)</b>	1	9,002	8,349	(636)	16,308	13,093	11,172	-	16,750	20,497
<b>Reserves</b>										
Housing Development Fund										
Capital replacement										
Capitalisation										
Government grant										
Donations and public contributions										
Self-insurance										
Other reserves (list)										
Revaluation										
<b>Total Reserves</b>	2	-	-	-	-	-	-	-	-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

TOTAL COMMUNITY WEALTH/EQUITY	2	9,002	8,349	(636)	16,308	13,093	11,172	–	16,750	20,497	751
-------------------------------	---	-------	-------	-------	--------	--------	--------	---	--------	--------	-----

Total capital expenditure includes expenditure on nationally significant priorities:

Provision of basic services											
2010 World Cup											

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Supporting Table 5.1: Strategic Objectives and Budget (Revenue)											
Strategic Objective	Goal	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand											
Sustainable Services	Water		3,205	2,205	2,205	5,064	3,922	3,829	4,530	4,661	5,027
	Electricity		12,345	13,281	13,278	25,771	19,589	18,580	28,207	30,365	32,739
	Sewerage		2,106	2,632	2,632	2,698	3,137	3,137	3,387	3,725	4,097
	Refuse		2,065	1,756	2,628	1,901	2,056	2,000	2,180	2,315	2,638
Infrastructure											
	Public Works Workshop		2,153	30	30	4,785	727	727	1,721	1,828	1,936
	Municipal Building		18	44	42	25	12	12	27	29	30
Good Governance	Corporate Services		571	574	530	208	-	45	212	225	238
	Budget and Treasury		20,233	22,958	23,759	28,736	29,483	30,724	36,610	41,360	45,596
	Mayor		-	-	1,575	1,575	1,575	-	-	-	-
	Council General Municipal Manager		3,367	5,616	3,809	4,071	3,867	3,871	5,176	5,585	6,044
Social Development											
	Community Services Library		-	-	-	-	-	-	-	-	-
			206	309	308	432	311	310	309	310	310
	Parks		10	10	10	9	-	-	10	10	11
	Cemetery		78	92	92	82	86	85	91	97	103



## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Safety and Security	Health		1,033	991	-	-	-	-			
	Traffic		8,095	8,127	8,127	6,742	8,810	8,595	9,060	9,470	9,900
	Fire		-	-		-	-		-	-	-
Total Revenue (excluding capital transfers and contributions)		1	55,485	58,625	59,024	82,098	73,575	71,914	91,520	99,981	108,670

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

WW401 Venteriaorp Supporting Table SAs Reconciliation of ID Strategic Objectives and Budget (Operating Expenditure)											
Strategic Objective	Goal	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Sustainable Services	Water	1	1,974	2,141	2,141	5,202	3,910	3,824	4,209	4,404	4,590
	Electricity		11,139	10,983	10,992	17,043	16,258	17,472	20,650	22,966	26,322
	Sewerage		2,106	1,170	1,589	2,012	1,476	1,422	2,189	2,335	2,471
	Refuse		–	728	728	1,645	895	876	1,524	1,627	1,725
Infrastructure											
	Public Works		1,072	991	981	5,437	3,961	3,802	6,435	6,890	7,316
	Workshop		–	–	–	182	100	100	35	37	39
	Municipal Building		1,197	1,977	1,924	2,849	2,471	2,638	2,882	2,920	2,959
Good Governance	Corporate Services		2,225	926	17,046	11,193	10,516	10,286	8,684	9,247	9,787
	Budget and Treasury		14,295	13,946	14,286	17,550	15,836	15,225	21,508	24,183	26,324
	Mayor		3,828	2,168	1,838	1,066	1,723	1,449	1,594	1,691	1,779
	Council General		3,661	8,539	4,845	3,427	4,448	4,605	5,204	5,539	5,870
	Municipal Manager		9,075	9,788	1,582	2,240	2,380	2,357	3,650	3,903	4,138
Social Development	Community Services		–	–	1,182	1,248	1,323	1,325	1,437	1,519	1,593
	Library		607	688	687	737	1,119	1,111	1,342	1,441	1,534
	Parks		2,745	3,289	3,289	2,495	2,489	2,294	2,918	3,137	3,334
	Cemetery		162	750	750	723	674	322	983	1,055	1,120
	Health		944	741	–	–	–	–	–	–	–
Public Safety											
	Fire		697	397	397	946	849	841	1,527	1,646	1,753
	Traffic	5,503	5,787	5,985	4,200	4,459	5,198	4,667	4,983	5,288	
			61,230	65,009	70,243	80,195	74,888	75,149	91,438	99,524	107,943

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

**NW401 Ventersdorp - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)**

2010/11 Medium Term Revenue & Expenditure Framework												
Strategic Objective	Goal	Goal Code	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand												
Sustainable Services	Water	A		194	1,392		-	-		2,226	5,700	6,600
Sustainable Services	Electricity	B		840	217		-	-		-	-	-
Sustainable Services	Sewerage	C		-	-		7,213	7,213		9,169	5,708	-
Sustainable Services	Waste Management	D		-	-		-	-		-	-	-
Sustainable Services	Refuse	E		-	-		-	-		-	1,500	3,504
		F										
Infrastructure	Public Works	G		14,057	5,002		-	-		10,100	7,132	14,270
	Municipal Buildings	H		2,617	2,317		-	-		-	-	-
Good Governance	Corporate Services	I		-	-		60	60		-	-	-
Good Governance	Budget and Treasury	J		-	-		-	-		-	-	-
	Council	K		31	-		-	-		-	-	-
Social Development	Community Services	L		-	-		5,973	5,973		2,458	-	-
	Cemetries	M		-	-		-	-		-	-	-
	Parks	N		24	1,784		-	-		-	-	-
		O										
Public Safety	Traffic	P		-	-		500	500		-	-	-
		Q		1,624	-		-	-		-	-	-
			1	19,388	10,712	-	13,746	13,746	-	23,953	20,040	24,374

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Council General										
Council General										
Sub-function 1 - (name)										
Sub-function 2 - (name)										
Sub-function 3 - (name)										
Mayor										
Sub-function 1 - (name)										
Sub-function 2 - (name)										
Sub-function 3 - (name)										
Municipal Manager										
Function 1 - (name)										
Sub-function 1 - (name)										
Sub-function 2 - (name)										
Sub-function 3 - (name)										

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Function 2 - (name)										
Sub-function 1 - (name)										
Sub-function 2 - (name)										
Sub-function 3 - (name)										
Corporate Services										
Function 1 - (name)										
Sub-function 1 - (name)										
Sub-function 2 - (name)										
Sub-function 3 - (name)										
Function 2 - (name)										
Sub-function 1 - (name)										
Sub-function 2 - (name)										
Sub-function 3 - (name)										
And so on for the rest of the Votes										

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

### NW401 Ventersdorp - Entities measureable performance objectives

Description	Unit of measurement	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Entity 1 - (name of entity)										
<i>Insert measure/s description</i>										
Entity 2 - (name of entity)										
<i>0</i>										
Entity 3 - (name of entity)										
<i>0</i>										
And so on for the rest of the Entities										

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>Borrowing Management</b>											
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	4.0%	3.8%	3.7%	3.8%	0.0%	3.5%	3.1%	2.9%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	-	-	-	-	-	-	-	-	-	-
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-	-	-	-	-	-	-	-	-	-
Liquidity Ratio	Monetary Assets/Current Liabilities	-	-	-	-	-	-	-	-	-	-
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	101.9%	101.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	6.1%	6.8%	5.6%	0.0%	7.1%	7.0%	69.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
<b>Funding of Provisions</b>											

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Provisions not funded - %	Unfunded Provns./Total Provisions										
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source										
Employee costs	Employee costs/(Total Revenue - capital revenue)	35.7%	30.8%	32.4%	34.8%	33.7%	33.7%	0.0%	34.2%	33.7%	32.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	30.9%	0.0%	37.5%	41.9%	42.7%		37.1%	35.6%	33.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	4.7%	3.7%	3.7%	4.0%	0.0%	3.5%	3.1%	2.9%
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	-	-	-	-	-	-	-	-	-	-
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	13.2%	16.2%	13.4%	0.0%	15.5%	15.5%	153.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	-	-	-	-	-	-	-	0.0	0.5	1.3



## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

**NW401 Ventersdorp - Supporting Table SA9 Social, economic and demographic statistics and assumptions**

Description of economic indicator	Basis of calculation	1996 Census	2001 Census	2007 Survey	2006/7	2007/8	2008/9	Current Year 2009/10	2010/11 Medium Term Revenue & Expenditure Framework		
<b>Demographics</b>											
Population		34	41	43	43	45	45	45	46	47	48
Females aged 5 - 14					5	5	5	5	5	5	6
Males aged 5 - 14					5	5	5	5	5	5	6
Females aged 15 - 34					8	8	8	8	8	8	9
Males aged 15 - 34					8	8	8	8	8	8	9
Unemployment											
<b>Household income (households) (1.)</b>											
None								3,200	3,500	3,500	3,500
R1 - R4800								1,000	1,000	1,000	1,000
R4800 - R9600								1,800	1,800	1,800	1,800
<b>Poverty profiles (2.)</b>											
Unemployment											
<b>Household/demographics (000)</b>											
Number of people in municipal area								45	46	47	48
Number of poor people in municipal area								30	30	30	30
Number of households in municipal area								6	6	6	6
Number of poor households in municipal area								3	3	3	3
Definition of poor household (R per month)								1,860	2,040	2,080	2,200
<b>Housing statistics (3.)</b>											
Formal								36,027	36,027	36,027	36,027
Informal								8,973	9,973	10,973	11,973
<b>Total number of households</b>		-	-	-	-	-	-	45,000	46,000	47,000	48,000
Dwellings provided by municipality (4.)								5,500	5,500	5,500	5,500
Dwellings provided by province/s								-	-	-	-
Dwellings provided by private sector (5.)								-	-	-	-
<b>Total new housing dwellings</b>		-	-	-	-	-	-	5,500	5,500	5,500	5,500
<b>Economic (6.)</b>											
Inflation/inflation outlook (CPIX)								7.5%	7.7%	8.2%	8.5%
Interest rate - borrowing											
Interest rate - investment											

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Remuneration increases							10.5%	8.0%	8.6%	9.0%
Consumption growth (electricity)							5.5%	6.0%	8.0%	10.0%
Consumption growth (water)							5.5%	6.0%	8.0%	10.0%
<b>Collection rates (7.)</b>										
Property tax/service charges							70.0%	85.0%	90.0%	90.0%
Rental of facilities & equipment							50.0%	55.0%	55.0%	60.0%
Interest - external investments							200.0%	100.0%	100.0%	100.0%
Interest - debtors							0.0%	0.0%	0.0%	0.0%
Revenue from agency services							0.0%	0.0%	0.0%	0.0%

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2006/7	2007/8	2008/9	Current Year 2009/10				2010/11 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>Funding measures</b>	-	-										
Cash/cash equivalents at the year end - R'000	18(1)b	1	-	-	-	-	-	-	-	56	2,513	7,831
Cash + investments at the yr end less applications - R'000	18(1)b	2	-	-	-	4,100	4,100	6,700	-	10,537	11,170	39,689
Cash year end/monthly employee/supplier payments	18(1)b	3	-	-	-	-	-	-	-	0.0	0.5	1.3
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	9,002	8,349	(636)	16,308	13,093	11,172	-	16,750	20,497	751
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(7.7%)	3.0%	54.6%	(24.7%)	(9.7%)	(106.0%)		1.5%	2.6%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0%	99.0%	101.0%	47.5%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	63.4%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0.0%	0.0%	0.0%	0.0%	(20.0%)	(100.0%)	62.5%	7.7%	971.4%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection

14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection

<b>Supporting indicators</b>		-	-	-	-							
% incr <b>total service charges (incl prop rates)</b>	18(1)a			(1.7%)	9.0%	60.6%	(18.7%)	(3.7%)	(100.0%)	40.8%	7.5%	8.6%
% incr Property Tax	18(1)a			5.0%	9.8%	16.6%	(11.3%)	0.1%	(100.0%)	44.9%	8.0%	9.0%
% incr Service charges - electricity revenue	18(1)a			0.6%	6.4%	94.9%	(23.9%)	(5.2%)	(100.0%)	51.6%	7.7%	7.8%
% incr Service charges - water revenue	18(1)a			(34.2%)	0.6%	92.3%	(28.2%)	(3.2%)	(100.0%)	25.0%	3.7%	10.0%
% incr Service charges - sanitation revenue	18(1)a			13.1%	0.0%	2.6%	16.3%	0.0%	(100.0%)	8.0%	10.0%	10.0%
% incr Service charges - refuse revenue	18(1)a			13.0%	49.3%	(27.7%)	8.2%	(2.7%)	(100.0%)	9.0%	6.2%	13.9%
% incr in Service charges - other	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		22,080	21,761	23,708	38,012	30,895	29,740	-	41,908	45,039	48,921
Service charges			22,069	21,695	23,643	37,972	30,876	29,722	-	41,863	44,991	48,870
Property rates			2,666	2,799	3,074	3,584	3,180	3,184	-	4,613	4,982	5,430
Service charges - electricity revenue			12,327	12,406	13,199	25,726	19,585	18,576	-	28,153	30,308	32,678
Service charges - water revenue			3,193	2,101	2,113	4,064	2,918	2,825	-	3,530	3,661	4,027
Service charges - sanitation revenue			2,326	2,630	2,630	2,698	3,137	3,137	-	3,387	3,725	4,097
Service charges - refuse removal			1,558	1,760	2,628	1,901	2,056	2,000	-	2,180	2,315	2,638
Service charges - other			-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment			11	66	65	40	19	18	-	45	48	51
Capital expenditure excluding capital grant funding			14,208	3,714	(10,575)	-	(1,627)	11,314	-	0	-	-
Cash receipts from ratepayers	18(1)a		-	-	-	-	-	-	-	52,373	56,001	60,401
Ratepayer & Other revenue	18(1)a		40,499	32,389	32,882	49,325	40,061	39,978	-	51,382	54,949	59,287
Change in consumer debtors (current and non-current)			-	-	-	5,000	5,000	4,000	-	1,500	500	68,000
Operating and Capital Grant Revenue	18(1)a		20,564	29,171	36,046	47,118	47,719	46,144	-	56,685	64,944	49,272
Capital expenditure - total	20(1)(vi)		19,808	10,716	-	13,746	13,746	11,314	-	26,271	20,040	24,374
Capital expenditure - renewal	20(1)(vi)		-	-	-	-	-	-	-	-	-	-
<b>Supporting benchmarks</b>												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPIX guideline			4.3%	3.9%	4.6%	5.2%	5.2%	5.2%	5.2%	5.1%	4.3%	4.5%

DoRA operating grants total MFY													
DoRA capital grants total MFY													
Provincial operating grants													
Provincial capital grants													
District Municipality grants													
Total gazetted/advised national, provincial and district grants			-	-	-	-	-	-	-		-	-	-
Average annual collection rate (arrears inclusive)													
<u>DoRA operating</u>													
<i>List operating grants</i>													
											-	-	-
<u>DoRA capital</u>													
<i>List capital grants</i>													
											-	-	-
<u>Trend</u>													
Change in consumer debtors (current and non-current)											-	-	-
											1,500	500	68,000
											-	-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

**NW401 Ventersdorp - Supporting Table SA11 Property rates summary**

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>Valuation:</b>	1									
Date of valuation:		1/7/2006	1/7/2007	1/7/2008	7/1/2009					
Financial year valuation used		2007	2008	2009	2010			2011		
Municipal by-laws s6 in place? (Y/N)	2	No	No	No	No			No		
Municipal/assistant valuer appointed? (Y/N)		Yes	Yes	Yes	Yes			No		
Municipal partnership s38 used? (Y/N)		No	No	No	No			No		
No. of assistant valuers (FTE)	3	-	-	-	-	-	-	-	-	-
No. of data collectors (FTE)	3	-	-	-	-	-	-	-	-	-
No. of internal valuers (FTE)	3	-	-	-	-	-	-	-	-	-
No. of external valuers (FTE)	3	1	1	1	1	1	1	1	1	1
No. of additional valuers (FTE)	4	-	-	-	-	-	-	-	-	-
Valuation appeal board established? (Y/N)		Yes	Yes	Yes	Yes			Yes		
Implementation time of new valuation roll (mths)										
No. of properties	5	-	-	-	8,267	8,267	8,267	8,267	8,267	8,267
No. of sectional title values	5	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)		-	-	-	-	-	-	-	-	-
No. of supplementary valuations		-	-	-	-	-	-	-	-	-
No. of valuation roll amendments		-	-	-	-	-	-	-	-	-
No. of objections by rate payers		-	-	-	496	496	496	496	496	496
No. of appeals by rate payers		-	-	-	7	7	7	7	7	7
No. of successful objections	8	-	-	-	555	555	555	555	555	555
No. of successful objections > 10%	8	-	-	-	338	338	338	338	338	338
Supplementary valuation		-	-	-	-	-	-	-	-	-
Public service infrastructure value (Rm)	5	-	-	-	1	1	1	1	1	1
Municipality owned property value (Rm)		-	-	-	25	25	25	25	25	25
<b>Valuation reductions:</b>										
Valuation reductions-public infrastructure (Rm)										
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)										
Valuation reductions-public worship (Rm)										
Valuation reductions-other (Rm)										

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

<b>Total valuation reductions:</b>		-	-	-	-	-	-	-	-
Total value used for rating (Rm)	5								
Total land value (Rm)	5								
Total value of improvements (Rm)	5								
Total market value (Rm)	5								
<b>Rating:</b>									
Residential rate used to determine rate for other categories? (Y/N)									
Differential rates used? (Y/N)	5								
Limit on annual rate increase (s20)? (Y/N)									
Special rating area used? (Y/N)									
Phasing-in properties s21 (number)									
Rates policy accompanying budget? (Y/N)									
Fixed amount minimum value (R'000)									
Non-residential prescribed ratio s19? (%)									
<b>Rate revenue:</b>									
Rate revenue budget (R '000)	6	2,799		3,584	3,584	2,722	3,184	3,190	3,197
Rate revenue expected to collect (R'000)	6			3,584	3,584	2,722	3,184	3,190	3,197
Expected cash collection rate (%)				80.0%	80.0%		90.0%	92.0%	94.0%
Special rating areas (R'000)	7								
Rebates, exemptions - indigent (R'000)									
Rebates, exemptions - pensioners (R'000)									
Rebates, exemptions - bona fide farm. (R'000)									
Rebates, exemptions - other (R'000)									
Phase-in reductions/discounts (R'000)									
<b>Total rebates,exemptns,reductns,discs (R'000)</b>		-	-	-	-	-	-	-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

**NW401 Ventersdorp - Supporting Table SA12 Property rates by category (current year)**

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	Na. Mon.
<b>Current Year 2009/10</b>															
<b>Valuation:</b>															
No. of properties															
No. of sectional title property values															
No. of unreasonably difficult properties s7(2)															
No. of supplementary valuations															
Supplementary valuation (Rm)															
No. of valuation roll amendments															
No. of objections by rate-payers															
No. of appeals by rate-payers															
No. of appeals by rate-payers finalised															
No. of successful objections	5														
No. of successful objections > 10%	5														
Estimated no. of properties not valued															
Years since last valuation (select)															
Frequency of valuation (select)															
Method of valuation used (select)															
Base of valuation (select)															
Phasing-in properties s21 (number)															
Combination of rating types used? (Y/N)															
Flat rate used? (Y/N)															
Is balance rated by uniform rate/variable rate?															
<b>Valuation reductions:</b>															
Valuation reductions-public infrastructure (Rm)															
Valuation reductions-nature reserves/park (Rm)															
Valuation reductions-mineral rights (Rm)															
Valuation reductions-R15,000 threshold (Rm)															
Valuation reductions-public worship (Rm)															
Valuation reductions-other (Rm)	2														
<b>Total valuation reductions:</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total value used for rating (Rm)	6														
Total land value (Rm)	6														
Total value of improvements (Rm)	6														
Total market value (Rm)	6														



## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

<b>Rating:</b>															
Average rate	3														
Rate revenue budget (R '000)															
Rate revenue expected to collect (R'000)															
Expected cash collection rate (%)	4														
Special rating areas (R'000)															
Rebates, exemptions - indigent (R'000)															
Rebates, exemptions - pensioners (R'000)															
Rebates, exemptions - bona fide farm. (R'000)															
Rebates, exemptions - other (R'000)															
Phase-in reductions/discounts (R'000)															
<b>Total rebates,exemptns,reductns,discs (R'000)</b>															

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA13 Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	Na. Mon.
<b>Budget Year 2010/11</b>															
<b>Valuation:</b>															
No. of properties		5,461	77	137	2,289		92	87	-	7					
No. of sectional title property values		-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of unreasonably difficult properties s7(2)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of supplementary valuations		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplementary valuation (Rm)		-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of valuation roll amendments		-	-	-	-	-	-	-	-	-	-	-	-	-	-
No. of objections by rate-payers		79	-	-	335	-	-	82	-	-	-	-	-	-	-
No. of appeals by rate-payers		5			2										
No. of appeals by rate-payers finalised															
No. of successful objections	5	55	8	19	371	-	-	102	-	-	-	-	-	-	-
No. of successful objections > 10%	5	3	5	9	321	-		-	-	-	-	-	-	-	-
Estimated no. of properties not valued		-	-	-	-	-	-		-	-	-	-	-	-	-
Years since last valuation (select)		5	5	5	5	5	5	5	5	5	5	5	5	5	5
Frequency of valuation (select)															
Method of valuation used (select)		Market Land & impr.	Market Land & impr.	Market Land & impr.	Market Land & impr.	Market Land & impr.	Market Land & impr.	Market Land & impr.	Market Land & impr.	Market Land & impr.	Market Land & impr.	Market Land & impr.	Market Land & impr.	Market Land & impr.	Market Land & impr.
Base of valuation (select)															
Phasing-in properties s21 (number)															
Combination of rating types used? (Y/N)															
Flat rate used? (Y/N)															
Is balance rated by uniform rate/variable rate?															
<b>Valuation reductions:</b>															
Valuation reductions-public infrastructure (Rm)															
Valuation reductions-nature reserves/park (Rm)															
Valuation reductions-mineral rights (Rm)															
Valuation reductions-R15,000 threshold (Rm)															
Valuation reductions-public worship (Rm)															
Valuation reductions-other (Rm)	2														
<b>Total valuation reductions:</b>															
Total value used for rating (Rm)	6														
Total land value (Rm)	6														
Total value of improvements (Rm)	6														
Total market value (Rm)	6														

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

<b>Rating:</b>															
Average rate	3														
Rate revenue budget (R '000)															
Rate revenue expected to collect (R'000)															
Expected cash collection rate (%)	4														
Special rating areas (R'000)															
Rebates, exemptions - indigent (R'000)															
Rebates, exemptions - pensioners (R'000)															
Rebates, exemptions - bona fide farm. (R'000)															
Rebates, exemptions - other (R'000)															
Phase-in reductions/discounts (R'000)															
<b>Total rebates,exemptns,reductns,discs (R'000)</b>															

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA14 Household bills

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11 % incr.	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Rand/cent											
Monthly Account for Household - 'Large' Household	1										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total		-	-	-	-	-	-	-	-	-	-
VAT on Services											
Total large household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-	-	-	-	-
Monthly Account for Household - 'Small' Household	2										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Sanitation											
Refuse removal											
Other											
sub-total	-	-	-	-	-	-	-	-	-	-	-
VAT on Services											
Total small household bill:	-	-	-	-	-	-	-	-	-	-	-
% increase/-decrease		-	-	-	-	-	-	-	-	-	-
Monthly Account for Household - 'Small'	3										
Household receiving free basic services											
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total	-	-	-	-	-	-	-	-	-	-	-
VAT on Services											
Total small household bill:	-	-	-	-	-	-	-	-	-	-	-
% increase/-decrease		-	-	-	-	-	-	-	-	-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

**NW401 Ventersdorp - Supporting Table SA15 Investment particulars by type**

Investment type	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>R thousand</b>										
<b>Parent municipality</b>										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	-	-	2,000	2,000	2,000	2,000	2,000	2,000
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	2,100	2,100	2,100	2,100	2,100	2,100
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
<b>Municipality sub-total</b>	1	-	-	-	4,100	4,100	4,100	4,100	4,100	4,100
<b>Entities</b>										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	-	-	-	-	-	-	-	-
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
<b>Entities sub-total</b>		-	-	-	-	-	-	-	-	-
<b>Consolidated total:</b>		-	-	-	4,100	4,100	4,100	4,100	4,100	4,100

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
Name of institution & investment ID	1	Yrs/Months			Rand thousand	
Parent municipality						
Inca					2,100	160
Absa					2,000	80
Municipality sub-total					4,100	240
Entities						
Entities sub-total					-	-
TOTAL INVESTMENTS AND INTEREST	1				4,100	240

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

**NW401 Ventersdorp - Supporting Table SA17 Borrowing**

Borrowing - Categorised by type  R thousand	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>Parent municipality</b>										
Long-Term Loans (annuity/reducing balance)					-	-		-	-	-
Long-Term Loans (non-annuity)					-	-		-	-	-
Local registered stock					-	-		-	-	-
Instalment Credit					-	-		-	-	-
Financial Leases					-	-		-	-	-
PPP liabilities					-	-		-	-	-
Finance Granted By Cap Equipment Supplier					-	-		-	-	-
Marketable Bonds					-	-		-	-	-
Non-Marketable Bonds					-	-		-	-	-
Bankers Acceptances					-	-		-	-	-
Financial derivatives					-	-		-	-	-
Other Securities					-	-		-	-	-
<b>Municipality sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Entities</b>										
Long-Term Loans (annuity/reducing balance)										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										



## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	-	-	-	-	-	-	-	-	-

### NW401 Ventersdorp - Supporting Table SA18 Transfers and grant receipts

Description  R thousand	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		-	18,291	23,933	30,192	30,192	30,793	38,869	42,740	46,967
Equitable share			17,057	20,949	27,707	27,707	28,308	35,264	39,755	43,732
Finance Management			500	1,250	750	750	750	1,000	1,250	1,500
Municipal Systems Improvement			734	734	735	735	735	735	735	735
Restructuring			-	-	-	-	-	870	-	-
Department of Water Affairs			-	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		300	300	-	300	300	300	300	300	300
Sports and Recreation		300	300		300	300	300	300	300	300
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
MIG Counter Funding		-	-		-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Total Operating Transfers and Grants	5	300	18,591	23,933	30,492	30,492	31,093	39,169	43,040	47,267
Capital Transfers and Grants										
National Government:		5,600	7,000	10,575	14,406	14,406	14,406	16,668	20,046	24,374
Municipal Infrastructure (MIG)		5,600	7,000	10,575	14,406	14,406	14,406	16,668	20,046	24,374
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
MIG Counter Funding										
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	5,600	7,000	10,575	14,406	14,406	14,406	16,668	20,046	24,374
TOTAL RECEIPTS OF TRANSFERS & GRANTS		5,900	25,591	34,508	44,898	44,898	45,499	55,837	63,086	71,641

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
<b>EXPENDITURE:</b>	1									
Operating expenditure of Transfers and Grants										
National Government:		-	18,541	23,933	29,305	29,305	30,543	38,869	42,740	47,967
Equitable share			17,057	20,949	27,070	27,070	28,308	35,264	39,755	43,732
Finance Management			750	1,250	500	500	500	1,000	1,250	2,500
Municipal Systems Improvement			734	734	735	735	735	735	735	735
Restructuring			-	-	-	-	-	870		
Department of Water Affairs			-	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Other transfers/grants [insert description]										
Provincial Government:		-	300	300	300	300	300	300	300	300
Sports and Recreation			300	300	300	300	300	300	300	300
District Municipality:		-	-	-	-	-	-	-	-	-
MIG Counter Funding					-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		-	18,841	24,233	29,605	29,605	30,843	39,169	43,040	48,267

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Capital expenditure of Transfers and Grants										
National Government:		-	7,000	10,575	14,406	14,406	14,406	16,668	20,046	24,374
Municipal Infrastructure (MIG)			7,000	10,575	14,406	14,406	14,406	16,668	20,046	24,374
0										
Provincial Government:		-	-	-	-	-	-	-	-	-
0										
District Municipality:		-	-	-	-	-	-	-	-	-
MIG Counter Funding										
Other grant providers:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		-	7,000	10,575	14,406	14,406	14,406	16,668	20,046	24,374
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	25,841	34,808	44,011	44,011	45,249	55,837	63,086	72,641

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

**NW401 Ventersdorp - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds**

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>R thousand</b>										
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year					-	-	-	-	-	-
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Provincial Government:</b>										
Balance unspent at beginning of the year					300	300	-	-	-	-
Current year receipts					300	300				
<b>Conditions met - transferred to revenue</b>		-	-	-	600	600	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year					-	-	-	-	-	-
Current year receipts					-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year					-	-	-	-	-	-
Current year receipts					-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total operating transfers and grants revenue</b>		-	-	-	600	600	-	-	-	-
<b>Total operating transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts										
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
<b>Total capital transfers and grants revenue</b>		-	-	-	-	-	-	-	-	-
<b>Total capital transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		-	-	-	600	600	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		-	-	-	-	-	-	-	-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA21 Transfers and grants made by the municipality

Description  R thousand	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Transfers to other municipalities <i>Insert description</i>	1	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS TO MUNICIPALITIES:</b>		-	-	-	-	-	-	-	-	-
Transfers to Entities/Other External Mechanisms <i>Insert description</i>	2	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS TO ENTITIES/EMs'</b>		-	-	-	-	-	-	-	-	-
Transfers to other Organs of State <i>Insert description</i>	3	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS TO OTHER ORGANS OF STATE:</b>		-	-	-	-	-	-	-	-	-
Grants to Organisations/ Groups of Individuals <i>Insert description</i>	4	-	-	-	-	-	-	-	-	-
<b>TOTAL GRANTS TO ORGANISATIONS/GROUPS OF INDIVIDUALS:</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS</b>	5	-	-	-	-	-	-	-	-	-

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration  R thousand	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Salary			1,134		1,030	1,030	1,030	1,564	1,228	1,396
Pension Contributions			-		215	215	215	237	263	292
Medical Aid Contributions			44		190	190	190	533	232	258
Motor vehicle allowance			376		479	479	479	526	584	649
Cell phone allowance			102		113	113	113	124	138	153
Housing allowance			-		-	-	-	-	-	-
Other benefits or allowances			-		-	-	-	-	-	-
In-kind benefits			-		-	-	-	-	-	-
<b>Sub Total - Councillors</b>		-	1,657	-	2,027	2,027	2,027	2,984	2,445	2,747
<b>% increase</b>	4		-	(100.0%)	-	-	-	47.2%	(18.1%)	12.4%
<b>Senior Managers of the Municipality</b>	2									
Salary			-		1,972	1,972	1,972	2,163	2,346	2,546
Pension Contributions			-		-	-	-	-	-	-
Medical Aid Contributions			-		-	-	-	-	-	-
Motor vehicle allowance			-		1,362	1,362	1,362	971	1,054	1,143
Cell phone allowance			-		48	48	48	53	57	62
Housing allowance			-		-	-	-	474	514	558
Performance Bonus			-		-	-	-	-	-	-
Other benefits or allowances			-		-	-	-	-	-	-
In-kind benefits			-		-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		-	-	-	3,382	3,382	3,382	3,661	3,972	4,309
<b>% increase</b>	4		-	-	-	-	-	8.3%	8.5%	8.5%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages			12,093		16,000	16,000	16,000	17,933	19,974	19,412
Pension Contributions			455		2,685	2,685	2,685	3,694	3,768	4,069
Medical Aid Contributions			363		2,322	2,322	2,322	1,502	1,246	1,346



## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Motor vehicle allowance	4		1,275		860	860	860	780	842	910	
Cell phone allowance			44		40	40	40	39	42	45	
Housing allowance			132		316	316	216	191	216	235	
Overtime			653		568	568	568	590	691	746	
Stand By			379		445	445	445	456	567	612	
Performance Bonus			-		-	-	-	-	-	-	
Leave Bonus			838		1,204	1,204	1,204	1,333	1,421	1,535	
UIF			123		153	153	153	168	169	182	
Group Scheme			55		145	145	145	180	187	202	
Industrial Council			6		8	8	8	9	9	10	
Other benefits or allowances			214		648	648	648	431	-	-	
In-kind benefits											
Sub Total - Other Municipal Staff			-	16,629	-	25,395	25,395	25,294	27,307	29,134	29,305
% increase			-	(100.0%)	-	-	(0.4%)	8.0%	6.7%	0.6%	
Total Parent Municipality		-	18,286	-	30,803	30,803	30,703	33,952	35,551	36,362	
Senior Managers of Entities	4		-	(100.0%)	-	-	(0.3%)	10.6%	4.7%	2.3%	
Salary		-	-	-	-	-	-	-	-	-	
Pension Contributions		-	-	-	-	-	-	-	-	-	
Medical Aid Contributions		-	-	-	-	-	-	-	-	-	
Motor vehicle allowance		-	-	-	-	-	-	-	-	-	
Cell phone allowances		-	-	-	-	-	-	-	-	-	
Housing allowance		-	-	-	-	-	-	-	-	-	
Performance Bonus		-	-	-	-	-	-	-	-	-	
Other benefits or allowances		-	-	-	-	-	-	-	-	-	
In-kind benefits		-	-	-	-	-	-	-	-	-	
Sub Total - Senior Managers of Entities			-	-	-	-	-	-	-	-	-
% increase			-	-	-	-	-	-	-	-	-
Other Staff of Entities											
Basic Salaries and Wages			-	-	-	-	-	-	-	-	-
Pension Contributions			-	-	-	-	-	-	-	-	-
Medical Aid Contributions			-	-	-	-	-	-	-	-	-
Motor vehicle allowance			-	-	-	-	-	-	-	-	-
Cell phone allowances		-	-	-	-	-	-	-	-	-	
Housing allowance		-	-	-	-	-	-	-	-	-	

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Other benefits or allowances		-	-	-	-	-	-	-	-	-
In-kind benefits		-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Staff of Entities</b>		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
<b>Total Municipal Entities</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		-	18,286	-	30,803	30,803	30,703	33,952	35,551	36,362
% increase	4		-	(100.0%)	-	-	(0.3%)	10.6%	4.7%	2.3%
<b>TOTAL MANAGERS AND STAFF</b>	5	-	16,629	-	28,776	28,776	28,676	30,968	33,106	33,615

### NW401 Ventersdorp - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No. 10	Salary	Contrib.	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.			2.	3.
<b>Councillors</b>	4							
Speaker	5		341,922	84,937	161,017			587,876
Chief Whip			87,940	40,118	54,376			182,434
Executive Mayor			-	-	-			-
Deputy Executive Mayor			-	-	-			-
Executive Committee			-	-	-			-
Total for all other councillors			703,520	644,444	866,108			2,214,072
<b>Total Councillors</b>	9	-	1,133,382	769,499	1,081,501			2,984,382
<b>Senior Managers of the Municipality</b>	6							
Municipal Manager (MM)				-				

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

			480,000		334,400			814,400
Chief Finance Officer			420,650	-	290,950			711,600
Director- Community Services			420,650	-	290,950			711,600
Director- Corporate Services			420,650	-	290,950			711,600
Director- Engineering Services			420,650	-	290,650			711,300
								-
<i>List of each official with packages &gt;= senior manager</i>								
Head: Internal Audit & Performance Management			-	-	-			-
Head: Geographical Information & Policy			-	-	-			-
Head Office of Intergovernmental & Governance Relations			-	-	-			-
<b>Total Senior Managers of the Municipality</b>	9	-	2,162,600	-	1,497,900	-	-	3,660,500
<b>A Heading for Each Entity</b>	7,							
List each member of board by designation	8							
Chief Executive Officer (CEO)								-
								-
<b>Total for municipal entities</b>	9	-	-	-	-	-	-	-
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>		-	3,295,982	769,499	2,579,401	-	-	6,644,882

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2008/9			Current Year 2009/10			Budget Year 2010/11		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)					10	-	10	10	-	10
Board Members of municipal entities	3				-	-	-	-	-	-
<b>Municipal employees</b>	4									
Municipal Manager and Senior Managers	2				5	-	-	5	-	-
Other Managers	6				6	6	6	7	7	7
Professionals		-	-	-	5	5	5	5	5	5
<i>Finance</i>					5	5	5	5	5	5
<i>Spatial/town planning</i>					-	-	-	-	-	-
<i>Information Technology</i>					-	-	-	-	-	-
<i>Roads</i>										
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>										
Technicians		-	-	-	-	-	-	-	-	-
<i>Finance</i>										
<i>Spatial/town planning</i>										
<i>Information Technology</i>										
<i>Roads</i>										
<i>Electricity</i>										
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>										
<i>Other</i>										
Clerks (Clerical and administrative)					139	139	-	131	131	131
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
<b>TOTAL PERSONNEL NUMBERS</b>		-	-	-	165	150	21	158	143	153

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

% increase				-	-	-	-	-	652.4%	(9.5%)	7.0%
Total municipal employees headcount	5										
Finance personnel headcount	7										
Human Resources personnel headcount	7										

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2010/11												Medium Term
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2010/11
<b>R thousand</b>														
<b>Revenue By Source</b>														
Property rates		384	384	384	384	384	384	384	384	384	384	384	384	4,613
Property rates - penalties & collection charges		–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - electricity revenue		2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	28,153
Service charges - water revenue		294	294	294	294	294	294	294	294	294	294	294	294	3,530
Service charges - sanitation revenue		282	282	282	282	282	282	282	282	282	282	282	282	3,387
Service charges - refuse revenue		182	182	182	182	182	182	182	182	182	182	182	182	2,180
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		4	4	4	4	4	4	4	4	4	4	4	4	45
Interest earned - external investments		10	10	10	10	10	10	10	10	10	10	10	10	120
Interest earned - outstanding debtors		–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–
Fines		667	667	667	667	667	667	667	667	667	667	667	666	8,002
Licences and permits		88	88	88	88	88	88	88	88	88	88	88	88	1,060
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers recognised - operational		3,335	3,335	3,335	3,335	3,335	3,335	3,335	3,335	3,335	3,335	3,335	3,335	40,017
Other revenue		34	34	34	34	34	34	34	34	34	34	34	34	413
Gains on disposal of PPE													–	–
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>7,627</b>	<b>7,627</b>	<b>7,627</b>	<b>7,627</b>	<b>7,627</b>	<b>7,627</b>	<b>7,627</b>	<b>7,627</b>	<b>7,627</b>	<b>7,627</b>	<b>7,627</b>	<b>7,626</b>	<b>91,520</b>
<b>Expenditure By Type</b>														
Employee related costs		2,608	2,829	2,829	2,829	2,829	2,829	2,829	2,829	2,829	2,829	2,829	390	31,291

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Remuneration of councillors		222	222	222	222	222	222	222	222	222	222	222	222	2,661
Debt impairment		-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		-	-	-	-	-	-	-	-	-	-	-	-	-
Finance charges		-	-	-	-	-	1,569	-	-	-	-	-	1,604	3,173
Bulk purchases		1,383	1,383	1,383	1,383	1,383	1,383	1,383	1,383	1,383	1,383	1,383	1,383	16,591
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		500	500	500	500	500	500	500	500	500	500	500	500	6,001
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure		2,643	2,643	2,643	2,643	2,643	2,643	2,643	2,643	2,643	2,643	2,643	2,643	31,721
Loss on disposal of PPE													-	-
<b>Total Expenditure</b>		<b>7,355</b>	<b>7,577</b>	<b>7,577</b>	<b>7,577</b>	<b>7,577</b>	<b>9,146</b>	<b>7,577</b>	<b>7,577</b>	<b>7,577</b>	<b>7,577</b>	<b>7,577</b>	<b>6,742</b>	<b>91,438</b>
<b>Surplus/(Deficit)</b>		<b>271</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>(1,519)</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>884</b>	<b>82</b>
Transfers recognised - capital													16,668	16,668
Contributions recognised - capital													-	-
Contributed assets													-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>271</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>(1,519)</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>17,552</b>	<b>16,750</b>
Taxation													-	-
Attributable to minorities													-	-
Share of surplus/ (deficit) of associate													-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>271</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>(1,519)</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>17,552</b>	<b>16,750</b>

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

**NW401 Ventersdorp - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)**

Description	Ref	Budget Year 2010/11												Medium Term R F	
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2010/11	
<b>Revenue by Vote</b>															
Vote1 - Council General		312	312	312	312	312	312	312	312	312	312	312	1,741	5,176	
Vote2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote3 - Corporate Services		18	18	18	18	18	18	18	18	18	18	18	18	212	
Vote4- Budget and Treasury Office		3,046	3,046	3,046	3,046	3,046	3,046	3,046	3,046	3,046	3,046	3,046	3,105	36,610	
Vote5 - Technical Services		2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	2,583	11,640	40,053	
Vote6 - Community Services		789	789	789	789	789	789	789	789	789	789	789	794	9,470	
													-	-	
													-	-	
													-	-	
													-	-	
													-	-	
													-	-	
													-	-	
<b>Total Revenue by Vote</b>		<b>6,747</b>	<b>6,747</b>	<b>6,747</b>	<b>6,747</b>	<b>6,747</b>	<b>6,747</b>	<b>6,747</b>	<b>6,747</b>	<b>6,747</b>	<b>6,747</b>	<b>6,747</b>	<b>17,297</b>	<b>91,520</b>	
<b>Expenditure by Vote to be appropriated</b>															
Vote1 - Council General		567	567	567	567	567	567	567	567	567	567	567	567	6,798	
Vote2 - Municipal Manager		304	304	304	304	304	304	304	304	304	304	304	304	3,650	
Vote3 - Corporate Services		733	733	733	733	733	733	733	733	733	733	733	623	8,684	
Vote4- Budget and Treasury Office		1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	417	21,508	
Vote5 - Technical Services		3,177	3,177	3,177	3,177	3,177	3,177	3,177	3,177	3,177	3,177	3,177	2,977	37,925	
Vote6 - Community Services		1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,334	12,874	
													-	-	
													-	-	
													-	-	
													-	-	
													-	-	
													-	-	
													-	-	



## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

													-	-
													-	-
Total Expenditure by Vote		7,747	7,747	7,747	7,747	7,747	7,747	7,747	7,747	7,747	7,747	7,747	6,221	91,438
Surplus/(Deficit) before assoc.		(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	11,076	82
Taxation													-	-
Attributable to minorities													-	-
Share of surplus/ (deficit) of associate													-	-
Surplus/(Deficit)	1	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	11,076	82

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2010/11												Medium Term
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2010/11
R thousand														
<b>Revenue - Standard</b>														
<i>Governance and administration</i>		3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	3,376	4,864	41,997
Executive and council		312	312	312	312	312	312	312	312	312	312	312	1,741	5,176
Budget and treasury office		3,046	3,046	3,046	3,046	3,046	3,046	3,046	3,046	3,046	3,046	3,046	3,105	36,610
Corporate services		18	18	18	18	18	18	18	18	18	18	18	18	212
<i>Community and public safety</i>		789	789	789	789	789	789	789	789	789	789	789	794	9,470
Community and social services		33	33	33	33	33	33	33	33	33	33	33	38	400
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		756	756	756	756	756	756	756	756	756	756	756	755	9,070
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		146	146	146	146	146	146	146	146	146	146	146	146	1,748
Planning and development		2	2	2	2	2	2	2	2	2	2	2	2	27
Road transport		143	143	143	143	143	143	143	143	143	143	143	144	1,721
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		2,438	2,438	2,438	2,438	2,438	2,438	2,438	2,438	2,438	2,438	2,438	11,491	38,304
Electricity		1,670	1,670	1,670	1,670	1,670	1,670	1,670	1,670	1,670	1,670	1,670	9,836	28,207
Water		327	327	327	327	327	327	327	327	327	327	327	935	4,530
Waste water management		259	259	259	259	259	259	259	259	259	259	259	538	3,387
Waste management		182	182	182	182	182	182	182	182	182	182	182	182	2,180
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>		6,748	6,748	6,748	6,748	6,748	6,748	6,748	6,748	6,748	6,748	6,748	17,294	91,520
		8,765	8,765	8,765	8,765	8,765	8,765	8,765	8,765	8,765	8,765	8,765		
<b>Expenditure - Standard</b>														
<i>Governance and administration</i>		3,521	3,521	3,521	3,521	3,521	3,521	3,521	3,521	3,521	3,521	3,521	1,911	40,640
Executive and council		871	871	871	871	871	871	871	871	871	871	871	871	10,448
Budget and treasury office		1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	1,917	417	21,508
Corporate services		733	733	733	733	733	733	733	733	733	733	733	623	8,684
<i>Community and public safety</i>		1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,049	1,334	12,874
Community and social services		290	290	290	290	290	290	290	290	290	290	290	575	3,762
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		759	759	759	759	759	759	759	759	759	759	759	759	9,112
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Health		-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		539	539	539	539	539	1,980	539	539	539	539	539	1,980	9,352
Planning and development		-	-	-	-	-	1,441	-	-	-	-	-	1,441	2,882
Road transport		539	539	539	539	539	539	539	539	539	539	539	539	6,470
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		2,398	2,398	2,398	2,398	2,398	2,398	2,398	2,398	2,398	2,398	2,398	2,199	28,573
Electricity		1,721	1,721	1,721	1,721	1,721	1,721	1,721	1,721	1,721	1,721	1,721	1,721	20,650
Water		351	351	351	351	351	351	351	351	351	351	351	351	4,209
Waste water management		182	182	182	182	182	182	182	182	182	182	182	182	2,189
Waste management		144	144	144	144	144	144	144	144	144	144	144	(56)	1,524
<i>Other</i>													-	-
<b>Total Expenditure - Standard</b>		<b>7,507</b>	<b>7,507</b>	<b>7,507</b>	<b>7,507</b>	<b>7,507</b>	<b>8,948</b>	<b>7,507</b>	<b>7,507</b>	<b>7,507</b>	<b>7,507</b>	<b>7,507</b>	<b>7,423</b>	<b>91,438</b>
Surplus/(Deficit) before assoc.		(759)	(759)	(759)	(759)	(759)	(2,200)	(759)	(759)	(759)	(759)	(759)	9,872	82
Share of surplus/ (deficit) of associate													-	-
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>(759)</b>	<b>(759)</b>	<b>(759)</b>	<b>(759)</b>	<b>(759)</b>	<b>(2,200)</b>	<b>(759)</b>	<b>(759)</b>	<b>(759)</b>	<b>(759)</b>	<b>(759)</b>	<b>9,872</b>	<b>82</b>

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Ref	Budget Year 2010/11												Medium Term
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2010/11
<b>Multi-year expenditure <i>to be appropriated</i></b>	1													
Vote1 - Council General		-	-	-	-	-	-	-	-	-	-	-	-	-
Vote2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-
Vote3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-
Vote4- Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-	-	-	-
Vote5 - Technical Services		1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	8,534	23,813
Vote6 - Community Services		-	-	-	-	-	-	-	-	-	-	-	2,458	2,458
0													-	-
0													-	-
0													-	-
0													-	-
0													-	-
0													-	-
0													-	-
0													-	-
0													-	-
<b>Capital multi-year expenditure sub-total</b>	2	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	10,992	26,271
<b>Single-year expenditure <i>to be appropriated</i></b>														
Vote1 - Council General		-	-	-	-	-	-	-	-	-	-	-	-	-
Vote2 - Municipal Manager		-	-	-	-	-	-	-	-	-	-	-	-	-
Vote3 - Corporate Services		-	-	-	-	-	-	-	-	-	-	-	-	-
Vote4- Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-	-	-	-
Vote5 - Technical Services		-	-	-	-	-	-	-	-	-	-	-	-	-
Vote6 - Community Services		-	-	-	-	-	-	-	-	-	-	-	-	-
0													-	-
0													-	-
0													-	-
0													-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

0													-	-
0													-	-
0													-	-
0													-	-
0													-	-
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	2	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	10,992	26,271

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description  R thousand	Ref	Budget Year 2010/11												Medium Term
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2010/11
<b>Capital Expenditure - Standard</b>	1													
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-
Budget and treasury office		-	-	-	-	-	-	-	-	-	-	-	-	-
Corporate services		-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		614	614	614	614	-	-	-	-	-	-	-	0	2,458
Community and social services		614	614	614	614	-	-	-	-	-	-	-	0	2,458
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035	12,418
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035	1,035	12,418
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		764	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	764	764	764	11,395
Electricity		-	-	-	-	-	-	-	-	-	-	-	-	-
Water		-	278	278	278	278	278	278	278	278	-	-	0	2,226
Waste water management		764	764	764	764	764	764	764	764	764	764	764	764	9,169
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	2	2,413	2,692	2,692	2,692	2,077	2,077	2,077	2,077	2,077	1,799	1,799	1,799	26,271

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

**NW401 Ventersdorp - Supporting Table SA30 Budgeted monthly cash flow**

MONTHLY CASH FLOWS	Budget Year 2010/11												Medium T
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2010/11
<b>R thousand</b>													
<b>Cash Receipts By Source</b>													
Property rates	384	384	384	384	384	384	384	384	384	384	384	384	4,613
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	2,346	28,153
Service charges - water revenue	252	252	252	252	252	252	252	252	252	252	252	252	3,029
Service charges - sanitation revenue	282	282	282	282	282	282	282	282	282	282	282	282	3,387
Service charges - refuse revenue	182	182	182	182	182	182	182	182	182	182	182	182	2,180
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	4	4	4	4	4	4	4	4	4	4	4	4	45
Interest earned - external investments	10	10	10	10	10	10	10	10	10	10	10	10	120
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	667	667	667	667	667	667	667	667	667	667	667	667	8,002
Licences and permits	88	88	88	88	88	88	88	88	88	88	88	88	1,060
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	9,787	-	-	-	9,787	-	-	-	9,787	-	-	10,657	40,017
Other revenue	76	76	76	76	76	76	76	76	76	76	76	76	914
<b>Cash Receipts by Source</b>	<b>14,079</b>	<b>4,292</b>	<b>4,292</b>	<b>4,292</b>	<b>14,079</b>	<b>4,292</b>	<b>4,292</b>	<b>4,292</b>	<b>14,079</b>	<b>4,292</b>	<b>4,292</b>	<b>14,949</b>	<b>91,520</b>
<b>Other Cash Flows by Source</b>													
Transfer receipts - capital	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	16,668
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

<b>Total Cash Receipts by Source</b>	<b>15,468</b>	<b>5,681</b>	<b>5,681</b>	<b>5,681</b>	<b>15,468</b>	<b>5,681</b>	<b>5,681</b>	<b>5,681</b>	<b>15,468</b>	<b>5,681</b>	<b>5,681</b>	<b>16,338</b>	<b>108,188</b>
<b>Cash Payments by Type</b>													
Employee related costs	2,829	2,829	2,829	2,829	2,829	2,829	2,829	2,829	2,829	2,829	2,829	168	31,291
Remuneration of councillors	222	222	222	222	222	222	222	222	222	222	222	222	2,661
Collection costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	1,281	15,375
Bulk purchases - Water & Sewer	101	101	101	101	101	101	101	101	101	101	101	101	1,217
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	500	500	500	500	500	500	500	500	500	500	500	500	6,001
Grants and subsidies paid - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and subsidies paid - other	-	-	-	-	-	-	-	-	-	-	-	-	-
General expenses	2,908	2,908	2,908	2,908	2,908	2,908	2,908	2,908	2,908	2,908	2,908	2,908	34,893
<b>Cash Payments by Type</b>	<b>7,842</b>	<b>7,842</b>	<b>7,842</b>	<b>7,842</b>	<b>7,842</b>	<b>7,842</b>	<b>7,842</b>	<b>7,842</b>	<b>7,842</b>	<b>7,842</b>	<b>7,842</b>	<b>5,181</b>	<b>91,438</b>
<b>Other Cash Flows/Payments by Type</b>													
Capital assets	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	1,389	16,668
Repayment of borrowing	260	260	260	260	260	260	260	260	260	260	260	310	3,173
Other Cash Flows/Payments												-	-
<b>Total Cash Payments by Type</b>	<b>9,491</b>	<b>9,491</b>	<b>9,491</b>	<b>9,491</b>	<b>9,491</b>	<b>9,491</b>	<b>9,491</b>	<b>9,491</b>	<b>9,491</b>	<b>9,491</b>	<b>9,491</b>	<b>6,880</b>	<b>111,279</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>5,977</b>	<b>(3,810)</b>	<b>(3,810)</b>	<b>(3,810)</b>	<b>5,977</b>	<b>(3,810)</b>	<b>(3,810)</b>	<b>(3,810)</b>	<b>5,977</b>	<b>(3,810)</b>	<b>(3,810)</b>	<b>9,458</b>	<b>(3,091)</b>
Cash/cash equivalents at the month/year begin:		5,977	2,167	(1,643)	(5,453)	524	(3,286)	(7,096)	(10,906)	(4,929)	(8,739)	(12,549)	-
Cash/cash equivalents at the month/year end:	5,977	2,167	(1,643)	(5,453)	524	(3,286)	(7,096)	(10,906)	(4,929)	(8,739)	(12,549)	(3,091)	(3,091)



## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - NOT REQUIRED - municipality does not have entities

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>R million</b>										
<b><u>Financial Performance</u></b>	-									
Property rates										
Service charges										
Investment revenue										
Transfers recognised - operational										
Other own revenue										
Contributions recognised - capital & contributed assets										
<b>Total Revenue (excluding capital transfers and contributions)</b>		-	-	-	-	-	-	-	-	-
Employee costs										
Remuneration of Board Members										
Depreciation & asset impairment										
Finance charges										
Materials and bulk purchases										
Transfers and grants										
Other expenditure										
<b>Total Expenditure</b>		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit)</b>		-	-	-	-	-	-	-	-	-
<b><u>Capital expenditure &amp; funds sources</u></b>	-									
<b><u>Capital expenditure</u></b>										
Transfers recognised - operational										
Public contributions & donations										
Borrowing										
Internally generated funds										
<b>Total sources</b>		-	-	-	-	-	-	-	-	-
<b><u>Financial position</u></b>	-									

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Total current assets										
Total non current assets										
Total current liabilities										
Total non current liabilities										
Equity										
<b>Cash flows</b>	-									
Net cash from (used) operating										
Net cash from (used) investing										
Net cash from (used) financing										
Cash/cash equivalents at the year end										

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
No External Mechanism					

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA33 Contracts having future budgetary implications

Description	Ref	Preceding Years	Current Year 2009/10	2010/11 Medium Term Revenue & Expenditure Framework			Forecast 2013/14	Forecast 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Total Contract Value
R thousand	1,3	Total	Original Budget	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
Parent Municipality:														
Revenue Obligation By Contract	2													
<i>Contract 1</i>		-	-	-	-	-	-	-	-	-	-	-	-	
<i>Contract 2</i>		-	-	-	-	-	-	-	-	-	-	-	-	
<i>Contract 3 etc</i>														
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	
Expenditure Obligation By Contract	2													
<i>Contract 1</i>		-	-	-	-	-	-	-	-	-	-	-	-	
<i>Contract 2</i>														
<i>Contract 3 etc</i>														
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	
Capital Expenditure Obligation By Contract	2													
<i>Contract 1</i>		-	-	-	-	-	-	-	-	-	-	-	-	
<i>Contract 2</i>														
<i>Contract 3 etc</i>														
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	
Total Parent Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	
Entities:														
Revenue Obligation By Contract	2													
<i>Contract 1</i>														
<i>Contract 2</i>														
<i>Contract 3 etc</i>														
Total Operating Revenue Implication		-	-	-	-	-	-	-	-	-	-	-	-	
Expenditure Obligation By Contract	2													
<i>Contract 1</i>														
<i>Contract 2</i>														

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

<i>Contract 3 etc</i>														
Total Operating Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	
Capital Expenditure Obligation By Contract	2													
<i>Contract 1</i>														
<i>Contract 2</i>														
<i>Contract 3 etc</i>														
Total Capital Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	
Total Entity Expenditure Implication		-	-	-	-	-	-	-	-	-	-	-	-	

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>R thousand</b>	<b>1</b>									
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		-	-	-	-	-	-	23,813	12,914	10,100
Infrastructure - Road transport		-	-	-	-	-	-	12,418	-	-
<i>Roads, Pavements &amp; Bridges</i>								12,418	-	-
<i>Storm water</i>								-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	5,500	3,500
<i>Generation</i>								-	-	-
<i>Transmission &amp; Reticulation</i>								-	3,500	1,500
<i>Street Lighting</i>								-	2,000	2,000
Infrastructure - Water		-	-	-	-	-	-	2,226	5,700	6,600
<i>Dams &amp; Reservoirs</i>								-	-	-
<i>Water purification</i>								-	-	-
<i>Reticulation</i>								2,226	5,700	6,600
Infrastructure - Sanitation		-	-	-	-	-	-	9,169	1,714	-
<i>Reticulation</i>								9,169	1,714	-
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>								-	-	-
<i>Transportation</i>	2							-	-	-
<i>Gas</i>										
<i>Other</i>	3									
<b>Community</b>		-	-	-	-	-	-	2,458	-	-
Parks & gardens								-	-	-
Sportsfields & stadia								2,458	-	-
Swimming pools								-	-	-

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Community halls							-	-	-
Libraries							-	-	-
Recreational facilities							-	-	-
Fire, safety & emergency							-	-	-
Security and policing							-	-	-
Buses	7						-	-	-
Clinics							-	-	-
Museums & Art Galleries							-	-	-
Cemeteries							-	-	-
Social rental housing	8						-	-	-
Other							-	-	-
<b>Heritage assets</b>							-	-	-
Buildings							-	-	-
Other	9						-	-	-
<b>Investment properties</b>							-	-	-
Housing development							-	-	-
Other							-	-	-
<b>Other assets</b>							-	-	-
General vehicles							-	-	-
Specialised vehicles	10						-	-	-
Plant & equipment							-	-	-
Computers - hardware/equipment							-	-	-
Furniture and other office equipment							-	-	-
Abattoirs							-	-	-
Markets							-	-	-
Civic Land and Buildings							-	-	-
Other Buildings							-	-	-
Other Land							-	-	-
Surplus Assets - (Investment or Inventory)							-	-	-
Other							-	-	-
<b>Agricultural assets</b>							-	-	-
<i>List sub-class</i>							-	-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>								-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
<i>Other (list sub-class)</i>								-	-	-
<b>Total Capital Expenditure on new assets</b>	1	-	-	-	-	-	-	26,271	12,914	10,100

Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										



# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
<i>Roads, Pavements &amp; Bridges</i>										
<i>Storm water</i>										
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
<i>Generation</i>										
<i>Transmission &amp; Reticulation</i>										
<i>Street Lighting</i>										
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams &amp; Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>	2									
<i>Gas</i>										
<i>Other</i>	3									
Community		-	-	-	-	-	-	-	-	-
Parks & gardens										

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Sportsfields & stadia									
Community halls									
Libraries									
Recreational facilities									
Fire, safety & emergency									
Cemeteries									
Social rental housing									
Other									
<b>Heritage assets</b>	-	-	-	-	-	-	-	-	-
Buildings									
Other									
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Housing development									
Other									
<b>Other assets</b>	-	-	-	-	-	-	-	-	-
General vehicles									
Specialised vehicles									
Plant & equipment									
Computers - hardware/equipment									
Furniture and other office equipment									
Surplus Assets - (Investment or Inventory)									
Other									
<b>Agricultural assets</b>	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>									
<b>Biological assets</b>	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>									
<b>Intangibles</b>	-	-	-	-	-	-	-	-	-
Computers - software & programming									

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Other ( <i>list sub-class</i> )										
Total Capital Expenditure on renewal of existing assets	1	-	-	-	-	-	-	-	-	-

Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse										
Fire										
Conservancy										
Ambulances										

*References*

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	2,220	2,358	2,497
Infrastructure - Road transport		-	-	-	-	-	-	700	743	787
<i>Roads, Pavements &amp; Bridges</i>		-	-	-	-	-	-	700	743	787
<i>Storm water</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	800	850	900
<i>Generation</i>		-	-	-	-	-	-	-	-	-
<i>Transmission &amp; Reticulation</i>		-	-	-	-	-	-	800	850	900
<i>Street Lighting</i>		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	270	287	304
<i>Dams &amp; Reservoirs</i>		-	-	-	-	-	-	-	-	-
<i>Water purification</i>		-	-	-	-	-	-	220	234	247
<i>Reticulation</i>		-	-	-	-	-	-	50	53	56
Infrastructure - Sanitation		-	-	-	-	-	-	450	478	506
<i>Reticulation</i>		-	-	-	-	-	-	-	-	-
<i>Sewerage purification</i>		-	-	-	-	-	-	450	478	506
Infrastructure - Other		-	-	-	-	-	-	-	-	-
<i>Waste Management</i>		-	-	-	-	-	-	-	-	-
<i>Transportation</i>	2	-	-	-	-	-	-	-	-	-
<i>Gas</i>		-	-	-	-	-	-	-	-	-

# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

<i>Other</i>	3	-	-	-	-	-	-	-	-
<b>Community</b>		-	-	-	-	-	135	143	152
Parks & gardens		-	-	-	-	-	-	-	-
Community halls		-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-
Recreational facilities		-	-	-	-	-	-	-	-
Fire, safety & emergency		-	-	-	-	-	-	-	-
Cemeteries		-	-	-	-	-	-	-	-
Social rental housing	8	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	135	143	152
<b>Heritage assets</b>		-	-	-	-	-	-	-	-
Buildings		-	-	-	-	-	-	-	-
Other	9	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-
Housing development		-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-
<b>Other assets</b>		-	-	-	-	-	1,153	1,222	1,293
General vehicles		-	-	-	-	-	130	138	146
Specialised vehicles	10	-	-	-	-	-	-	-	-
Plant & equipment		-	-	-	-	-	159	169	179
Computers - hardware/equipment		-	-	-	-	-	100	106	112
Furniture and other office equipment		-	-	-	-	-	173	183	193
Civic Land and Buildings		-	-	-	-	-	370	391	413
Surplus Assets - (Investment or Inventory)		-	-	-	-	-	-	-	-
Other		-	-	-	-	-	221	235	249
<b>Agricultural assets</b>		-	-	-	-	-	-	-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

<i>List sub-class</i>								-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>								-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming								-	-	-
Other ( <i>list sub-class</i> )								-	-	-
Total Repairs and Maintenance Expenditure	1	-	-	-	-	-	-	3,508	3,723	3,941

Specialised vehicles		-	-	-	-	-	-	-	-	-
Refuse								-	-	-
Fire								-	-	-
Conservancy								-	-	-
Ambulances								-	-	-

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

**NW401 Ventersdorp - Supporting Table SA35 Future financial implications of the capital budget**

Vote Description  R thousand	Ref	2010/11 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	Forecast 2013/14	Forecast 2014/15	Forecast 2015/16	Present value
<b>Capital expenditure</b>	1							
Vote1 - Council General		-	-	-				
Vote2 - Municipal Manager		-	-	-				
Vote3 - Corporate Services		-	-	-				
Vote4- Budget and Treasury Office		-	-	-				
Vote5 - Technical Services		23,813	20,040	24,374				
Vote6 - Community Services		2,458	-	-				
		-	-	-				
		-	-	-				
		-	-	-				
		-	-	-				
		-	-	-				
		-	-	-				
		-	-	-				
<b>Total Capital Expenditure</b>		26,271	20,040	24,374	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote1 - Council General								
Vote2 - Municipal Manager								
Vote3 - Corporate Services								
Vote4- Budget and Treasury Office								
Vote5 - Technical Services								
Vote6 - Community Services								

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

<i>List entity summary if applicable</i>							
<b>Total future operational costs</b>		-	-	-	-	-	-
<b>Future revenue by source</b>	3						
Property rates							
Property rates - penalties & collection charges							
Service charges - electricity revenue							
Service charges - water revenue							
Service charges - sanitation revenue							
Service charges - refuse revenue							
Service charges - other							
Rental of facilities and equipment							
<i>List other revenues sources if applicable</i>							
<i>List entity summary if applicable</i>							
<b>Total future revenue</b>		-	-	-	-	-	-
<b>Net Financial Implications</b>		26,271	20,040	24,374	-	-	-



# Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project  R thousand	Ref	Program/Project description	Project number	IDP Goal code 3.	Asset Class 4.	Asset Sub-Class 4.	Total Project Estimate	Prior year outcomes		2010/11 Medium Term Expenditure Review	
								Audited Outcome 2008/9	Current Year 2009/10 Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>	5				Examples	Examples					
Technical Services		Ventersdorp Internal Road Resealing		G	Infrastructure Road Transport	Roads	7,500	–	590	6,910	7,500
Technical Services		Tshing Ext 5 Internal Road		G	Infrastructure Road Transport	Roads	6,000	–	492	5,508	6,000
Technical Services		Construction of VIP Rysmierbult		C	Infrastructure Sanitation	Reticulation	2,122	–	1,384	738	5,508
Technical Services		Construction of VIP Tsetse		C	Infrastructure Sanitation	Reticulation	258	–	–	258	5,508
Technical Services		Construction of VIP Goedgevonden		C	Infrastructure Sanitation	Reticulation	1,495	–	–	1,495	1,495
Technical Services		Construction of VIP Boikhutsong		C	Infrastructure Sanitation	Reticulation	515	–	–	515	515
Technical Services		Construction of VIP Appeldraai		C	Infrastructure Sanitation	Reticulation	1,211	–	–	1,211	1,211
Technical Services		Construction of VIP Welgevonden		C	Infrastructure Sanitation	Reticulation	601	–	–	601	601
Technical Services		Upgrading of Sewer Plant		C	Infrastructure Sanitation	Reticulation	9,300	–	4,949	4,351	9,300
Community Services		Tshing Sports Facility			Community Services	Sports Facility	2,795	–	871	1,924	2,795
Community Services		Boikhutsong Sports Facility			Community Services	Sports Facility	2,267	–	1,733	534	2,267
Technical Services		Toevlug Pump Station		C	Infrastructure Sanitation	Water	2,226	–	–	2,226	2,226
<b>Total Capital expenditure</b>	1									26,271	20,000
Entities: <i>List all capital projects grouped by Entity</i>											
Entity A Water project A											

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

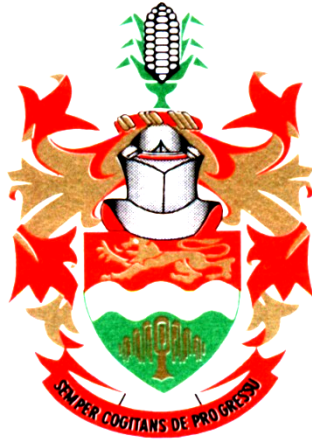
Entity B Electricity project B												
Total Capital expenditure	2										-	

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

NW401 Ventersdorp - Supporting Table SA37 Projects delayed from previous financial year/s

Municipal Vote/Capital project  R thousand	Project name	Project number	Asset Class 3.	Asset Sub-Class 3.	Previous target year to complete	Current Year 2009/10		2010/11 Budget
						Original Budget	Full Year Forecast	
					Year			
<b>Parent municipality:</b> <i>List all capital projects grouped by Municipal Vote</i>			<i>Examples</i>	<i>Examples</i>				
Technical Services	Construction of VIP Rysmierbult		Infrastructure Sanitation		2010	2,122	1,384	
Technical Services	Upgrading of Sewe Plant		Infrastructure Sanitation		2010	9,300	4,949	4
Community Services	Tshing Sport Facility				2010	2,267	871	1
	Boikhutsong Sports Facility				2010	2,267	1,733	
<b>Entities:</b> <i>List all capital projects grouped by Municipal Entity</i>								
<b>Entity Name</b> <i>Project name</i>								

# **VENTERSDORP LOCAL MUNICIPALITY**



## **INDIGENT POLICY**

**2010/2011 MTRF**

# **VENTERSDORP LOCAL MUNICIPALITY**



## **INDIGENT POLICY**

**2010/2011 MTRF**

## TABLE OF CONTENTS

	<b>P</b>
<b>AGE</b>	
1. BACKGROUND	3
2. OBJECTIVE	3
3. PURPOSE OF THE INDIGENT POLICY	3
4. CRITERIA FOR INDIGENT QUALIFICATION	3
5. PROCESS FOR INDIGENT QUALIFICATION	4
6. APPLICATION FOR REGISTRATION	5
7. APPROVAL OF APPLICATION	6
8. ANNUAL APPLICATION	6
9. INTENT OF INDIGENT SUPPORT	6
10. ARREARS ON INDIGENT ACCOUNTS	7
11. NON COMPLIANCE OF HOUSEHOLDS REGISTERED AS INDIGENTS	8
12. AUDITS	9
13. DE-REGISTRATION	9

14. REPORTING REQUIREMENTS

10

**1. Background**

According to the Division of Revenue Act No5 of 2004, Ventersdorp Local Municipality is receiving funding in the form of Equitable Share for the purpose of subsidizing less privileged households in the provision of basic services.

**2. Objective**

There are households that are unable to pay for normal Municipal services due to the level of unemployment and subsequent poverty within the Municipal area. These economic challenges have influenced the Municipality to adopt an Indigent Management Policy to ensure that households have access to at least basic Municipal services. The policy is guided by the National Government Policy on indigents.

**3. Purpose of Indigent Policy**

3.1 The purpose of the indigent policy is to ensure:

3.1.1 That the provision of Basic Services to the community in a sustainable manner, within the financial and administrative capacity of the Municipality,

3.1.2 To provide procedures and guidelines for the subsidization of Basic Service Charges to its indigent households, using the Municipality's Budget provisions from National Government according to prescribed policy guidelines.

3.2 The council also recognizes that many residents can simply not afford the cost of full provision and for this reason, the Council will endeavor to ensure affordability through:

3.2.1 Setting tariffs in terms of the Council's Tariff Policy, which will balance the economic viability of continued service delivery, and



3.2.2 Determining appropriate service level.

#### **4. Criteria for Indigent Qualification**

In order to qualify for Indigent support, the following criteria must be met:

- 4.1 Households, where verified total combined Gross Monthly Income of all occupants over eighteen (18) years of age does not exceed R2,160.00 or such other amount as the Council may from time to time determine, qualify for a subsidy.
- 4.2 The qualified occupant in terms of 4.1 supra will receive the subsidized free 6kl of Water per month.
- 4.3 The qualified occupant in terms of 4.1 supra will receive the subsidized 50 kwh of Electricity per month.
- 4.4 The subsidized services will include Sewerage charges to Residential stands up to 600 square meters, Refuse Removal and Assessment Rates.
- 4.5 Only households where the account holder or property owner has registered as indigent in terms of the Municipality's annual registration programme, and whose registration has been approved and entered into the register of indigents, shall qualify for the above concessions.
- 4.6 The registered Indigent must be the full time occupant of the property concerned in order to qualify for subsidies or rebates on the major service charges.
- 4.7 The registered Indigent may not own any other property, whether in or out of the Municipal area.
- 4.8 For a household to qualify for a rebate on rates, the registered indigent must both be the owner and fulltime occupant of the property concerned, and may not own any other property, whether in or out of the Municipal area.

#### **5 Process for Indigent qualification.**

- 5.1 Households must formally apply for relief on the prescribed documentation and satisfy the qualifying criteria/principles as determined by the Council.

- 5.2 The status of Indigent is conferred for a period of not more than twelve (12) months after which re-application must be made.
- 5.3 To register as an indigent, the relevant property owner or accountholder must personally complete and sign the registration form provided by the Municipality for this purpose, and furnish such further documentation as the Municipality specifies.
- 5.4 The Municipal officials will provide assistance to persons who cannot read or write, at such times and places as are specified in the notices published to indicate that the registration programme is to take place.
- 5.5 Registration will take place on dates, times, and places as determined by Council, but shall generally be undertaken during January and /or February each year

## **6 Application for registration**

- 6.1 The following procedures should be followed on every application:
  - 6.1.1 Any application must be accompanied by:
    - 6.1.1.1 Documentary proof of Income, such as letter from the employer, a salary advice, a pension card, unemployment fund card, a certificate of proof of registration as a work seeker.
    - 6.1.1.2 A customer's latest Municipal account in his/her possession,
    - 6.1.1.3 A customer's Identity book and copy thereof and,
    - 6.1.1.4 The names and Identity numbers of all occupants over the age of 18 who are residents at the property.
  - 6.1.2 A customer that qualifies for application for registration as Indigent customer must complete an application form entitled:  
  
**"APPLICATION FOR REGISTRATION AS INDIGENT CUSTOMER"** attached as annexure A.
  - 6.1.3 An Indigent person need not pay for registration of Electricity and Water deposit.

- 6.1.4 If an Indigent parent transfers ownership of his/her children, he/she should make arrangements to pay any outstanding debt.
- 6.1.5 An affidavit should be signed by the Indigent applicant.
- 6.1.6 Indigent applicant should be a **South African** and a resident of the **VENTERSDORP** jurisdiction area.
- 6.1.7 Indigent applicant should stay the same on the property where the application for indigent is made.
- 6.1.8 Indigent applicant must be 18 years or older.
- 6.1.9 Special consideration in conjunction with the ward Councilor will be given to orphans who stay on stands.
- 6.1.10 only one application per household is allowed.
- 6.1.11 Households whose total combined gross monthly income does not exceed R2, 160.00 or such other amount as the Council may from time to time determine, may apply. Generally the income is based on pensioner's income which is presently at R, 1080.00 per month. two pensioners are considered in a household and the total combined income will therefore be R2,160.00.
- 6.1.12 Businesses (formal or informal) are not allowed to apply for indigent status.
- 6.1.13 Consumers staying in backrooms are not allowed applying for Indigent status.
- 6.1.14 One or more members of a household who own a business or have been awarded a Tender by council for a period that exceeds six (6) months are not allowed to apply for Indigent status.

## 7. Approval of application

- 7.1 The Council may send authorized personnel to premises or households applying for registration as Indigent customers to conduct an on site Audit of information provided prior to the approval of an application.
- 7.2 An application received shall be considered by Council and the applicant shall be advised within 14 working days of receipt of such application by the Council as to whether or not the application is approved. If it is not approved, the applicant shall be given reasons thereof

## **8. Annual Application**

- 8.1 An Indigent customer must annually re-apply for registration as an Indigent customer, failing which, the assistance cease automatically.
- 8.2 The Municipality gives no guarantee of renewal,
- 8.3 An application shall be approved for a period of one Financial year i.e July to 30 June

## **9 Extent of Indigent support**

- 9.1 The subsidies on Rates and the specified Service Charges will be determined a part of each Annual Budget and in terms of the Municipality's Policies on Property Rates and Tariffs.
- 9.2 The Source of funding of the Indigent subsidy is that portion of the Equitable Share contribution to the Municipality made from the National Government's fiscal and is provided for in the Budget.
- 9.3 The subsidy can only be credited to the qualifying customer's accounts until the amount received by the by the municipality from the National Government for this purpose has been exhausted, wherein no further credits will be made.
- 9.4 In respect of Water, a 100% subsidy up to 6kl per household per month will apply.
- 9.5 In respect of Electricity, a 100% subsidy of up to 50kwh per household per month will apply, and upon qualification, the Indigent will receive Free Basic Electricity every month.

- 9.6 If consumption exceeds any of the aforementioned per metering period (month), the consumer will be charged at normal tariffs for actual consumption on the quantity exceeding the abovementioned limits.
- 9.7 If a customer's consumption or use of Municipal Services is less than the subsidized service, the unused portion may not be accrued by the customer and will not entitle the customer to cash or a rebate in respect of the unused portion.
- 9.8 In respect of Sewerage and Refuse Removal charges, the relief grant shall not be less than a basic charge per month on these charges.
- 9.9 In respect of Property Rates, the rebates shall be 100% of the Rates based on the ratable value.
- 9.10 The Annual Rates and Services Charges on the Indigent's account will automatically be converted to monthly installments.
- 9.11 In a situation where the consumer is a minor due to circumstances, the support will be determined as per Council decision from time to time.

## **10. Arrears on Indigent Accounts**

- 10.1 The value of write-off granted on arrears of Indigent Accounts, will be as per Council decision from time to time. No further action will be taken on these arrears.
- 10.2 Customers who qualify for an Equitable Share subsidy will be placed on restricted service levels in order to limit further escalation of debt.
- 10.3 In the case where a qualifying customer's account is paid up in full at the date of application, or regularly maintains a paid up monthly account including any arrangement for arrear debt, after receiving the subsidy, the restriction on service levels will be waived.

## **11 Non compliance of households registered as indigents.**

- 11.1 When a Property owner or account holder who is registered as an Indigent fails to comply with any arrangements or conditions materially relevant to the receipt of

indigent relief, such a person will forfeit his/her status as a registered Indigent with immediate effect, and will thereafter be treated as an ordinary residential Property owner or accountholder for the Financial year concerned.

- 11.2 The onus is on each registered indigent to advise the Municipal Manager or his nominee, of such failure to comply.
- 11.3 It may happen that even with the introduction of the Indigent policy, certain households may fall into arrears in respect of the amounts due by them. The property owner or account holder concerned will have to make immediate arrangements with the Municipal Manager, or his/her nominee, to pay of these arrears owed within a reasonable time determined by the Municipal Manager in terms of the Municipality's Credit Control and Debt Collection Policy.
- 11.4 If these arrangements in 11.3 supra are not made, no subsidies will be paid or free services provided, and services may be terminated in terms of the Municipality's Credit Control and Debt Collection Policy.
- 11.5 The relief to Indigents may be withdrawn at the discretion of the Municipal Manager, or his/her nominee if:
  - 11.5.1 A registered Indigent who qualifies for such relief fails to keep to the terms of the Policy agreement; or
  - 11.5.2 Any tampering with the installations of the Municipality is detected.
- 11.6 The Indigent status of a customer will be reviewed from time to time, at intervals as determined by Council. This could be done by either physical audit or external verification check. Should the requirements not be met, the subsidy for that customer will be cancelled.
- 11.7 If a registered Indigent is found to have provided fraudulent information to the Municipality in regard to any material condition for registration as an Indigent, such person shall immediately be removed from the register of the Indigent, and shall be liable to repay the Municipality with immediate effect all Indigent relief received from the date of such fraudulent actions, such person may not again be considered for

Indigent relief for a period of five (5) years beyond the Financial year in which the misdemeanor is detected.

## **12. Audits**

12.1 The Municipality shall ensure that regular random audits are carried out by the Municipality or its authorized agent to:-

12.1.1 Verify the information provided by the Indigent customer,

12.1.2 Record any changes in the circumstances of Indigent customer,

12.1.3 Make recommendations in the de-registration of the Indigent customer.

12.1.4 Conduct by visits to the properties occupied by Indigent customers

## **13. De-registration**

13.1 Any customer who provides false information in the application form and/or any documentation and information in connection with the application shall:-

13.1.1 Automatically, without notice, be de-registered as an Indigent customer from the date on which the Municipality or its authorized became aware that such information is false; and

13.1.2 Be held liable for the repayment of all subsidies received, in addition to any other legal actions, the Municipality or its authorized agent may take action against such a customer.

13.2 An Indigent customer must immediately request registration by the Municipality or its authorized agent that his/her circumstances have changed to the extent that he/she no longer meets the qualifications as set out in section 4.

13.3 An Indigent customer shall automatically be de-registered if the application in accordance to paragraph 8.1 is not made, such application is not approved.

- 13.4 An Indigent customer shall automatically be de-registered if an audit in verification concludes that the financial circumstance of the Indigent has changed to the extent that he/she no longer meets the qualification as set out in section 4.
- 13.5 In an event of de-registration, the Municipality or its authorized representative shall notify the customer of such, in writing, of such de-registration within seven (7) working days after de-registration.

## **14. Reporting requirements**

- 14.1 The Municipal Manager or his nominee shall report on a Quarterly basis to the Mayor for the quarter concerned and by Municipal ward:-
- 14.1.1 The number of households registered as Indigents and a brief explanation of any movements in such numbers,
- 14.1.2 The monetary value of the actual subsidies and rebates granted,
- 14.1.3 The Budgeted value of the subsidies and rebates concerned, and the above information cumulatively for the financial year to date.
- 14.2 The Mayor shall submit the above reports on a half yearly basis to the Council and to the Municipality's ward committees, or frequently to any Ward Committees, when applicable.



# **VENTERSDORP LOCAL MUNICIPALITY**



## **BUDGET POLICY**

***2010/2011 MTEF***

## **TABLE OF CONTENTS**

Definitions

1. Introduction

2. Objectives

3. Budget principles

4. Budget preparation process

4.1 Formulation of the Budget

4.2 Consultation with National and Provincial Treasuries

4.3 Public Participation Process

4.4 Approval of the Budget

4.5 Publication of the Budget

4.6 Service Delivery and Budget Implementation Plan (SDBIP)

5. Capital Budget

6. Operating Budget

7. Funding of the Budget

8. Unspent Funds / Roll Overs

9. Budget Transfers / Virements

10. Adjustments Budget

11. Budget Implementation

11.1 Monitoring

11.2 Reporting

12. Municipal Web Page

13. Specific Assumptions For The MTEF 2010/2011 To 2012/2013

Annexure: Budget Time Schedule of Key Deadlines

## DEFINITIONS

---

*"Accounting Officer"-*

(a) means a person appointed in terms of section 82 (a) or (b) of the Municipal Structures Act;- Municipal Manager;

***"Allocation"***, means-

- (a) A Municipality's share of the local government's equitable share referred to in section 214(l) (a) of the Constitution;
- (b) An allocation of money to a municipality in terms of section 214(1) (c) of the Constitution;
- (c) An allocation of money to a Municipality in terms of a Provincial Budget; or
- (d) any other allocation of money to a Municipality by an organ of state, including by another Municipality, otherwise than in compliance with a commercial or other business transaction;

***"Annual Division of Revenue Act"*** means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;

***"Approved budget,"*** means an Annual Budget-

- (a) Approved by a Municipal Council, or
- (b) includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

***"Basic Municipal Service"*** means a Municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

***"Budget-related Policy"*** means a policy of a Municipality affecting or affected by the Annual Budget of the Municipality, including-

- (a) The Tariffs Policy, which the Municipality must adopt in terms of section 74 of the Municipal Systems Act;
- (b) The Rates Policy which the Municipality must adopt in terms of legislation regulating Municipal Property Rates; or
- (c) The Credit Control and Debt Collection Policy, which the Municipality must adopt in terms of section 96 of the Municipal Systems Act;

**"Budget transfer"** means transfer of funding within a function / vote.

**"Budget Year"** means the financial year of the Municipality for which an Annual Budget is to be approved in terms of section 16(1) of the MFMA;

**"Chief Financial Officer"** means a person designated in terms of section 80(2) (a) of the MFMA;

**"Councillor"** means a member of a Municipal Council;

**"Creditor"**, means a person to whom money is owed by the Municipality;

**"Current Year"** means the financial Year, which has already commenced, but not yet ended;

**"Delegation"**, in relation to a duty, includes an instruction or request to perform or to assist in performing the duty;

**"Financial Recovery Plan"** means a plan prepared in terms of section 141 of the MFMA

**"Financial Statements"**, means statements consisting of at least-

- (a) a statement of Financial Position;
- (b) a statement of Financial Performance;
- (c) a Cash-Flow Statement;
- (d) any other Statements that may be prescribed; and
- (e) any notes to these Statements;

**"Financial Year"** means a twelve months period commencing on 1 July and ending on 30 June each year,

**"Financing Agreement"** includes any loan agreement, lease, and installment purchase contract or hire purchase arrangement under which a Municipality undertakes to repay a long-term debt over a period of time;

**"Fruitless and wasteful expenditure"** means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

**"Irregular expenditure"**, means-

- (a) Expenditure incurred by a Municipality or Municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA Act, and which has not been condoned in terms of section 170 of the MFMA;
- (b) Expenditure incurred by a Municipality or Municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) Expenditure incurred by a Municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) Expenditure incurred by a Municipality or Municipal entity in contravention of, or that is not in accordance with, a requirement of the Supply Chain Management Policy of the Municipality or entity or any of the Municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a Municipality which falls within the definition of "unauthorized expenditure";

**"Investment"**, in relation to funds of a Municipality, means-

- (a) the placing on deposit of funds of a Municipality with a financial institution; or
- (b) the acquisition of Assets with funds of a Municipality not immediately required, with the primary aim of preserving those funds;

**"Lender"**, means a person who provides debt finance to a Municipality;

**"Local community"** has the meaning assigned to it in section 1 of the Municipal Systems Act;

**"Municipal Structures Act"** means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

**"Municipal Systems Act"** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

**"Long-term debt"** means debt repayable over a period exceeding one year;

**"Mayor"** means the Councillor elected as the Mayor of the Municipality in terms of section 55 of the Municipal Structures Act;

**"Municipal council"** or **"council"** means the Council of a Municipality referred to in section 18 of the Municipal Structures Act;

**"Municipal debt instrument"** means any note, bond, debenture or other evidence of indebtedness issued by a Municipality, including dematerialised or electronic evidence of indebtedness intended to be used in trade;

**"Municipal entity"** has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

**"Municipality"**-

- (a) when referred to as a corporate body, means a Municipality as described in section 2 of the Municipal Systems Act; or
- (b) when referred to as a geographic area, means a Municipal area determined in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

**"Municipal service"** has the meaning assigned to it in section 1 of the Municipal Systems Act (refer to the MSA for definition);

**"Municipal tariff"** means a tariff for services which a Municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

**"Municipal tax"** means Property Rates or other taxes, levies or duties that a Municipality may impose;

**"National Treasury"** means the National Treasury established by section 5 of the Public Finance Management Act;

**"Official"**, means-

- (a) an employee of a Municipality or Municipal Entity;
- (b) a person seconded to a Municipality or Municipal entity to work as a member of the staff of the Municipality or Municipal entity; or
- (c) a person contracted by a Municipality or Municipal entity to work as a member of the staff of the Municipality or Municipal entity otherwise than as an employee;

**"Overspending"**-

- (a) means causing the operational or Capital Expenditure incurred by the Municipality during a financial year to exceed the total amount appropriated in that year's Budget for its Operational or Capital expenditure, as the case may be;
- (b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
- (c) in relation to expenditure under section 26 of the MFMA, means causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

**"Past financial year"** means the financial year preceding the current year;

**"Quarter"** means any of the following periods in a financial year:

- (a) 1 July to 30 September;
- (b) 1 October to 31 December;
- (c) 1 January to 31 March; or
- (d) 1 April to 30 June;

**"Service delivery and budget implementation plan"** means a detailed plan approved by the mayor of a Municipality in terms of section 53(l)(c)(ii) of the MFMA for implementing the Municipality's delivery of municipal services and its Annual Budget, and which must indicate-

- (a) projections for each month of-
  - (i) Revenue to be collected, by source; and
  - (ii) Operational and Capital Expenditure, by vote;
- (b) service delivery targets and performance indicators for each quarter; and
- (c) any other matters that may be prescribed, and includes any revisions of such plan by the Mayor in terms of section 54(l) (c) of the MFMA;

**"Short-term debt"** means debt repayable over a period not exceeding one year;

**"Standards of generally recognised accounting practice,"** means an accounting practice complying with standards applicable to Municipalities or Municipal entities as determined by the Accounting Standards Board



**"Unauthorised expenditure"**, means any expenditure incurred by a Municipality otherwise than in accordance with section 15 or 11(3) of the MFMA, and includes-

- (a) Overspending of the total amount appropriated in the Municipality's approved Budget;
- (b) Overspending of the total amount appropriated for a vote in the approved Budget;
- (c) Expenditure from a vote unrelated to the department or functional area covered by the vote;
- (d) Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- (e) Spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- (f) a grant by the Municipality otherwise than in accordance with the MFMA;

**"Virement"** means transfer of funds between functions / votes

**"Vote"** means-

- (a) one of the main segments into which a Budget of a Municipality is divided for the appropriation of money for the different departments or functional areas of the Municipality; and
- (b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

## **1. INTRODUCTION**

- 1.1 The medium-term budget of Ventersdorp Local Municipality provides the tool for implementing the municipality's service delivery strategies which are prioritized in its Integrated Development Plan (IDP).
- 1.2 Chapter 4 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) deals with Municipal Budgets. Specifically, section 16 of the Act requires that the council of a municipality must, for each financial year, approve an annual budget before the start of that financial year and that the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- 1.3 When preparing the budget the municipality must take into account the national government's macro-economic and fiscal policy.

## **2. OBJECTIVES**

The objectives of the budget policy are to-

- (a) set out the principles which the municipality will follow in preparing each medium- term budget;
- (b) set out responsibilities and roles of the mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget;

- (c) establish and maintain procedures to ensure adherence to the municipality's IDP review and budget processes;
- (d) outline the reporting lines within the administration and the political structures of the municipality in the budget process.

1

### **3. BUDGETING PRINCIPLES**

The principles underlying the compilation of the budget are set out below.

- (a) The budget shall be prepared on the basis of the accrual accounting principle, except in cases where it is not possible, like traffic fines, etc.
- (b) A process of combination between a zero based and incremental budgeting will be applied.
- (c) The budget must be financially credible, which means that it must reflect realistic operating and capital expenditure, and realistic operating revenues and sources of capital finance, and that revenue and expenditure are properly matched;
- (d) The budget must be strategically credible, which means that it must reflect the priorities and targets set in the municipality's Integrated Development Plan (IDP), reasonably accommodates the results of the consultation processes and has been prepared in accordance with all the budget-related policies of the municipality.
- (e) The municipality shall not budget for a deficit, except in cases where the deficit is of a short term nature and can be made good by a contribution from the accumulated surplus.
- (f) Expenses may only be incurred in terms of the approved annual budget (or adjustments budget) and within the limits of the amounts appropriated for each vote in the approved budget.
- (g) The municipality shall prepare a three-year (medium term revenue and expenditure framework (MTREF)) budget and be reviewed annually and approved by Council.
- (h) The MTREF budget must at all times be within the framework of the municipality's Integrated Development Plan

#### **4. BUDGET PREPARATION PROCESS**

##### **4.1. Formulation of the budget**

- (a) The Accounting Officer with the assistance of the Chief Financial Officer and the manager responsible for IDP shall draft the IDP process plan as well as the budget timetable for the municipality including municipal entities for the ensuing financial year.
- (b) The mayor shall table the IDP process plan as well as the budget timetable to Council by 31 August each year for approval (10 months before the start of the next budget year).
- (c) The IDP process plan as well as the budget timetable shall indicate the key deadlines for the review of the IDP as well as the preparation of the medium term revenue and expenditure framework budget and the revision of the annual budget. Such target dates shall follow the prescriptions of the Municipal Finance Management Act as well as the guidelines set by National Treasury.
- (d) The mayor shall convene a strategic workshop in September/October with the other councillors and senior managers in order to determine the IDP priorities which will form the basis for the preparation of the MTREF budget taking into account the financial and political pressures facing the municipality.
- (e) The Chief Financial Officer and senior managers undertake the technical preparation of the budget.
- (f) The mayor shall table the draft IDP and draft MTREF budget to council at least 90 days before the start of the new budget year, together with the draft resolutions on approval of the budget and municipal tariffs and taxes, budget related policies (policies on tariff setting, property rates, credit control, debt collection, indigents, investment and cash management, borrowings, etc) and any document as may be prescribed.
- (g) The budget must be in the prescribed format and must be divided into capital and operating budgets. The prescribed format of the budget must capture the projected

revenue and expenditure for the two financial years following the budget year, the estimated revenue and expenditure for the current year and the actual (audited) revenue and expenditure for the preceding financial years as per prescription by National Treasury.

- (h) The budget must reflect the realistically expected revenues by major source and appropriate expenditure under the different votes for the budget year concerned.

#### **4.2 Consultation with National and Provincial Treasuries**

After the draft annual budget has been tabled council must consult with the National and Provincial treasuries and finalize sector plans for water, sanitation, electricity etc

#### **4.3 Public participation process**

The municipality must convene hearings on the draft budget and invite the public and stakeholder organizations to make representation at the council hearings and to submit comments in response to the draft budget.

Council must consider the views of the local community in finalizing the budget.

#### **4.4 Approval of the budget**

- (a) Council shall consider the next medium term expenditure framework budget for approval at least 30 days before the start of the budget year.
- (b) The council resolution, must contain budget policies and performance measures be adopted and any document as may be prescribed;
- (c) Should the municipality fail to approve the budget before the start of the budget year, the mayor must inform the MEC for Finance that the budget has not been approved.
- (d) The budget tabled to Council for approval shall include the following supporting documents:

- i. Draft resolution approving the budget and levying property rates, other taxes and tariffs for the financial year concerned;
- ii. Measurable performance objectives for each budget vote, taking into account the municipality's IDP;
- iii. The projected cash flows for the financial year by revenue sources and expenditure votes;
- iv. Any proposed amendments to the IDP;
- v. Any proposed amendments to the budget-related policies;
- vi. the cost to the municipality of the salaries, allowances and other benefits of its political office bearers and other councillors, the accounting officer, the chief financial officer, and other senior managers;
- vii. Particulars of any proposed allocations or grants to other municipalities, municipal entities, external mechanisms assisting the municipality in service delivery, other organs of state, and organisations such as Non-Governmental Organisations, welfare institutions and so on;
- viii. Particulars of the municipality's investments;
- ix. Various information in regard to municipal entities under the shared or sole control of the municipality; and
- x. Any information as may be prescribed.

#### **4.5 Publication of the budget**

- (a) Within 14 days after the draft annual budget has been tabled, the Director  
  
Corporate Services must post the budget and other budget-related documentation onto the municipal website so that it is accessible to the public and send hard copies to National and Provincial Treasury.
- (b) The Chief Financial Officer must within 14 days submit the approved budget in both printed and electronic formats to the National Treasury and the Provincial Treasury and post a copy on the municipal website.

**4.6 Service Delivery and Budget Implementation Plan (SDBIP)**

- (a) The mayor must approve the Service Delivery and Budget Implementation Plan not later than 28 days after the approval of the Budget by Council and ensure that annual performance contracts are concluded.
- (b) The mayor must submit the approved Service Delivery and Budget Implementation Plan and performance contracts to Council and MEC of local government within 14 days after approval.
- (c) The SDBIP shall include the following components:
  - i. Monthly projections of revenue to be collected for each source,
  - ii. Monthly projections of expenditure (operating and capital) and revenue for each vote,
  - iii. Quarterly projections of service delivery targets and performance indicators for each vote,
  - iv. Ward information for expenditure and service delivery,
  - v. Detailed capital works plan broken down by ward over three years.

**5. CAPITAL BUDGET**

- (a) Expenditure of a project shall be included in the capital budget if it meets the asset definition i.e. if it results in an asset being acquired or created and its value exceeds R5 000 and has a useful life in excess of one year.
- (b) Vehicle replacement shall be budgeted in terms of Council's vehicle replacement policy. The budget for vehicles shall distinguish between replacement and new vehicles. No globular amounts shall be budgeted for vehicle acquisition.
- (c) A municipality may spend money on a capital project only if the money for the project has been appropriated in the capital budget.
- (d) The envisaged sources of funding for the capital budget must be properly

considered and Council must be satisfied that this funding is available and has not been committed for other purposes.

- (e) Before approving a capital project, the Council must consider:
  - i. the projected cost of the project over all the ensuing financial years until the project becomes operational,
  - ii. future operational costs and any revenues, which may arise in respect of such project, including the likely future impact on operating budget (i.e. on property rates and service tariffs).
- (f) Before approving the capital budget, the council shall consider:
  - i. the impact on the present and future operating budgets of the municipality in relation to finance charges to be incurred on external loans,
  - ii. depreciation of fixed assets,
  - iii. maintenance of fixed assets, and
  - iv. any other ordinary operational expenses associated with any item on such capital budget.
- (g) Council shall approve the annual or adjustments capital budget only if it has been properly balanced and fully funded.
- (h) The capital expenditure shall be funded from the following sources:

#### **Revenue or Surplus**

- If any project is to be financed from revenue this financing must be included in the Cash budget to raise sufficient cash for the expenditure.
- If the project is to be financed from surplus there must be sufficient cash available at time of execution of the project.

#### **External loans**

- External loans can be raised only if it is linked to the financing of an asset;
- A capital project to be financed from an external loan can only be included in the budget if the loan has been secured or if can be reasonably assumed as being secured;



- The loan redemption period should not exceed the estimated life expectancy of the asset. If that happens, the interest payable on the excess redemption period shall be declared as fruitless expenditure;
- Interest payable on external loans shall be included as a cost in the revenue budget;
- Finance charges relating to such loans shall be charged to or apportioned only between the departments or votes to which the projects relate.

### **Grant Funding**

- Non capital expenditure funded from grants
  - Must be budgeted for as part of the revenue budget;
  - Expenditure must be reimbursed from the funding creditor and transferred to the operating and must be budgeted for as such.
- Capital expenditure must be budgeted for in the capital budget;
- ☐ Interest earned on investments of Conditional Grant Funding shall be capitalised if the conditions state that interest should accumulate in the fund. If there is no condition stated the interest can then be allocated directly to the revenue accounts.
- ☐ Grant funding does not need to be cash backed but cash should be secured before spending can take place.

## **6. OPERATING BUDGET**

- a) The municipality shall budget in each annual and adjustments budget for the contribution to:
  - i. provision for accrued leave entitlements equal to 100% of the accrued leave.
  - ii. entitlement of officials as at 30 June of each financial year,
  - iii. provision for bad debts in accordance with its bad debts policy
  - iv. provision for the obsolescence and deterioration of stock in accordance with its stores management policy.
  - v. Depreciation and finance charges shall be charged to or apportioned only between the departments or votes to which the projects relate.
  - vi. At least 5% of the operating budget component of each annual and adjustments budget shall be set aside for maintenance.

- b) When considering the draft annual budget, council shall consider the impact, which the proposed increases in rates and service tariffs will have on the monthly municipal accounts of households.
- c) The impact of such increases shall be assessed on the basis of a fair sample of randomly selected accounts.
- d) The operating budget shall reflect the impact of the capital component on:
  - i. Depreciation charges,
  - ii. Repairs and maintenance expenses,
  - iii. Interest payable on external borrowings
  - iv. Other operating expenses.
- e) The Chief Financial Officer shall ensure that the cost of indigent relief is separately reflected in the appropriate votes.
- f) Include any other requirement in terms of any prescription.

## **7. FUNDING OF THE BUDGET**

- a) The budget may be financed only from:
  - i. realistically expected revenues, based on current and previous collection levels;
  - ii. cash-backed funds available from previous surpluses where such funds are not required for other purposes; and
  - iii. Borrowed funds in respect of the capital budget only.

## **8. UNSPENT FUNDS / ROLL OVER OF BUDGET**

- a) The appropriation of funds in an annual or adjustments budget will lapse to the extent that they are unspent by the end of the relevant budget year, but except for funds relating to capital expenditure.

- b) Only unspent grant (if the conditions for such grant funding allows that) or loan funded capital budget may be rolled over to the next budget year.
- c) Conditions of the grant fund shall be taken into account in applying for such rollover of funds.
- d) Application for rollover of funds shall be forwarded to the budget office by the 15th of April each year to be included in next year's budget for adoption by Council.
- e) Adjustments to the rolled over budget shall be done during the first budget adjustment in the new financial year after taking into account expenditure up to the end of the previous financial year.
- f) No funding for projects funded from the Capital Replacement Reserve shall be rolled over to the next budget year except in cases where a commitment has been made 90 days prior the end of that particular financial year.
- g) No unspent operating budget shall be rolled over to the next budget year

**9. BUDGET TRANSFERS / VIREMENTS**

- a) Budget transfers within the same vote shall be recommended by the respective Directorates and approved by the Chief Financial Officer or such other senior delegated official in the Budget and Treasury Department.
- b) No budget transfers or virement shall be made to or from salaries except with the prior approval of the Chief Financial Officer in consultation with the Municipal Manager.

- c) In cases of emergency situations virements shall be submitted by the Accounting Officer to the Budget Steering Committee and then to the Mayor for authorization and be reported by The Mayor to Council at its next meeting.
- d) The budget for personnel expenditure may not be increased without prior approval of the Accounting Officer in consultation with the Chief Financial Officer and the support of the Budget Steering Committee
- e) Savings on allocations earmarked for specific operating and capital projects may not be used for other purposes except with the approval of Council.
- f) Directors may utilize a saving in the amount appropriated under a main expenditure category (e.g. Salaries, General Expenses, Repairs & Maintenance, etc.) within a vote which is under their control towards the defrayment of excess expenditure under another main expenditure category within the same vote, with the approval of the Accounting Officer after consultation with the Chief Financial Officer.
- g) The amount of a saving under a main expenditure category of a vote that may be transferred to another main expenditure category may not exceed ten per cent of the amount appropriated under that main expenditure category.
- h) Savings in an amount appropriated for capital expenditure may not be used to defray operational expenditure.
- i) No virements will be allowed on entertainment costs without a council resolution and only on recommendation by the accounting officer after consultation with the CFO.
- j) Virements between votes shall be included in the adjustments budget.

#### **10. ADJUSTMENTS BUDGET**

Each adjustments budget shall reflect realistic excess, however nominal, of current revenues over expenses.

- a) The chief financial officer shall ensure that the adjustments budgets comply with the requirements of the National Treasury, reflect the budget priorities determined by the mayor, are aligned with the IDP and comply with all budget-related policies, and shall make recommendations to the Mayor on the revision of the IDP and the budget-related policies where these are indicated.
- b) Council may revise its annual budget by means of an adjustments budget at most three times a year or as regulated.
- c) The Accounting Officer must promptly adjust its budgeted revenues and expenses if a material under-collection of revenues arises or is apparent.
- d) The Accounting Officer shall appropriate additional revenues, which have become available but only to revise or accelerate spending programmes already budgeted for.
- e) The Council shall, in such adjustments budget, and within the prescribed framework, authorise unforeseen and unavoidable expenses on the recommendation of the Mayor.
- f) The Council should also authorise the spending of funds unspent at the end of the previous financial year, where such under-spending could not reasonably have been foreseen at the time the annual budget was approved by the Council.
- g) Only the mayor shall table an adjustments budget. Adjustments budget shall be done at most three times a year and be submitted to Council in the following months:
  - i. October – to adjust funding rolled over from the previous financial year as well as to include additional funding that has become available from external sources,
  - ii. February – to take into account recommendations from the mid-year budget and performance report tabled to Council in January that affect the annual budget,
  - iii. May – final budget adjustment to adjust current year's budget in cases where there is a indication that there will be rolling over of funding to the next financial year
- h) An adjustments budget must contain all of the following:
  - i. an explanation of how the adjustments affect the approved annual budget;
  - ii. appropriate motivations for material adjustments; and
  - iii. an explanation of the impact of any increased spending on the current and future annual budgets.
- i) Any unappropriated surplus from previous financial years, even if fully cash-backed, shall not be used to balance any adjustments budget.

- j) Municipal taxes and tariffs may not be increased during a financial year except if required in terms of a financial recovery plan.
- k) Unauthorised expenses may be authorised in an adjustments budget.

## **11. BUDGET IMPLEMENTATION**

### **11.1 Monitoring**

- a) The accounting officer with the assistance of the chief financial officer and other senior managers is responsible for the implementation of the budget, and must take reasonable steps to ensure that:
  - funds are spent in accordance with the budget;
  - expenses are reduced if expected revenues are less than projected; and
  - Revenues and expenses are properly monitored.
- b) The Accounting officer with the assistance of the chief financial officer must prepare any adjustments budget when such budget is necessary and submit it to the mayor for consideration and tabling to Council.
- c) The Accounting officer must report in writing to the Council any impending shortfalls in the annual revenue budget, as well as any impending overspending, together with the steps taken to prevent or rectify these problems.

### **11.2 Reporting**

#### **(i) Monthly budget statements**

- a) The accounting officer with the assistance of the chief financial officer must, not later than ten working days after the end of each calendar month, submit to the mayor and Provincial Treasury a report in the prescribed format on the state of the municipality's budget for such calendar month, and cumulatively for the financial year to date.

**This report must reflect the following:**

- i. actual revenues per source, compared with budgeted revenues;
  - ii. actual expenses per vote, compared with budgeted expenses;
  - iii. actual capital expenditure per vote, compared with budgeted expenses;
  - iv. actual borrowings, compared with the borrowings envisaged to fund the capital budget;
  - v. the amount of allocations received, compared with the budgeted amount
  - vi. actual expenses against allocations, but excluding expenses in respect of the equitable share;
  - vii. explanations of any material variances between the actual revenues and expenses as indicated above and the projected revenues by source and expenses by vote as set out in the service delivery and budget implementation plan;
  - viii. the remedial or corrective steps to be taken to ensure that the relevant projections remain within the approved or revised budget; and
  - ix. projections of the revenues and expenses for the remainder of the financial year, together with an indication of how and where the original projections have been revised.
- b) The report to the Provincial Treasury must be both in electronic format and in a signed document.

**(ii) Quarterly Reports**

The mayor must submit to Council within thirty days of the end of each quarter a report on the implementation of the budget and the financial state of affairs of the municipality.

**(iii) Mid-year budget and performance assessment**

- a) The Accounting officer must assess the budgetary performance of the municipality for the first half of the financial year, taking into account all the monthly budget reports for the first six months, the service delivery performance of the municipality as against the service delivery targets and performance indicators which were set in the service delivery and budget implementation plan and progress on resolving problems identified in the past year's annual report.
- b) The Accounting officer must then submit a report on such assessment to the mayor by 25 January each year and to Council, Provincial Treasury and National Treasury by 31 January each year.
- c) The Accounting officer may in such report make recommendations after considering the recommendation of the Chief Financial Officer for adjusting the annual budget and for revising the projections of revenues and expenses set out in the service delivery and budget implementation plan.

**12. MUNICIPAL WEB SITE**

The Budget and Treasury office must place on the municipality's official website the following:

- the annual and adjustments budgets and all budget-related documents;
- all budget-related policies;
- the integrated development plan
- the annual report;
- all performance agreements;



## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

- all service delivery agreements;
- all long-term borrowing contracts;
- all quarterly reports tabled in council;
- any document as may be prescribed.

### 14. SPECIFIC ASSUMPTIONS FOR THE MTEF 2010/2011 TO 2012/2013

The budget for every year is drawn up and calculated on specific assumptions. As far as the MTEF period starting from 1 July 2010 the following assumptions have been used.

#### EXPENDITURE PARAMETERS:

DESCRIPTION	2010/2011	2011/2012	2012/2013
Salary of staff	Bargaining Council collective agreement	Bargaining Council collective agreement (7,5%)	Bargaining Council collective agreement (6%)
Staff Vacancies			
Medical Aid Contributions	15% from 1 July 2010	15% whole year	15% whole year
Overtime	Reduced	Same as 2010/2011	Same as 2011/2012
Performance Bonus	None	None	None
Councilor Allowance	10% from 1 July 2010	8%	6%
Insurance	43%	10%	10%
Subsistence & Travel	Reduced	Reduced	Reduced
Valuation Fees	Reduced	Reduced	Reduced
Interest on Loans	As per Loan commitments	As per Loan commitments	As per Loan commitments
Penalty Interest	Reduced	Reduced	Reduced
Mayor's Special Fund	R50 000	R50 000	R50 000
Public Participation	R280 000	R280 000	R280 000
Stipends for ward	R 180 000	5%	5%

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

DESCRIPTION	2010/2011	2011/2012	2012/2013
Committees			
Entertainment	Reduced	Same as 2010/2011	Same as 2011/2012
Fuel	Estimated escalation	Estimated escalation	Estimated escalation
IDP	R 100 000	6.2%	5.9%
LED	R 30 000	6.2%	5.9%
PMS	R 70 000	R 70 000	R 70 000
Legal Fees	R 450 000	R 450 000	R 450 000
Rental of equipment	As per agreement	As per agreement	As per agreement
Training of employees	Reduced	6.2%	5.9%
Training of Councilors	Reduced	6.2%	5.9%
Audit Fees	R 800 000	6.2%	5.9%
Free Basic Services	R 1 787 500	6.2%	5.9%
Debt Management	R 1 200 000	6.2%	5.9%
Meter Reading	R 247 500	6.2%	5.9%
Provision for Bad Debt	R 7 500 000 (50% incr)	R 7 500 000	R 7 500 000

### REVENUE PARAMETERS

DESCRIPTION	2010/2011	2011/2012	2012/2013
Equitable Share	In terms with DORA	In terms with DORA	In terms with DORA

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

DESCRIPTION	2010/2011	2011/2012	2012/2013
Tariff Increase:			
-Property Rates	- 10%	- 10%	- 10%
- Electricity *	- 16.3%;7%;5%	- 16.3%;7%;5%	- 16.3%;7%;5%
- Water	-10%	-10%	-10%
- Refuse	-11%	-11%	-11%
- Sewerage	- 12%	- 12%	- 12%
<i>* Provide for new NERSA block tariff increases</i>			
Municipal Systems Grant	In terms with DORA	In terms with DORA	In terms with DORA
Skills Development	Increase 100%	6.2%	5.9%
Finance Management Grant	In terms with DORA	In terms with DORA	In terms with DORA
Traffic Fines	R 6 500 000	6.2%	5.9%
Library Subsidy	R 300 000	R 300 000	R 300 000
Municipal Infrastructure Grant	In terms with DORA	In terms with DORA	In terms with DORA

### **ANNEXURE**

**BUDGET TIME SCHEDULE OF KEY DEADLINES**

Month	Action by Mayor and Council	Action by Administration
<b>July</b>	<p>Mayor begins planning for next three-year budget in accordance with co-ordination role of budget process</p> <p><b>MFMA s 53</b></p> <p>Planning includes review of the previous year budget process and completion of the Budget Evaluation Checklist</p>	<p>Accounting officer and senior officials of municipality begin planning for next three-year budget</p> <p><b>MFMA s 68, 77</b></p> <p>Accounting officer and senior officials of municipality review options and contracts for service delivery</p> <p><b>MSA s 76-81</b></p>
<b>August</b>	<p>Mayor tables in Council a time schedule outlining key deadlines for: preparing, tabling and approving the budget; reviewing the IDP</p> <p>(as per s 34 of MSA) and budget related policies and consultation processes at least 10 months before the start of the budget year.</p> <p><b>MFMA s 21;</b></p> <p><b>MSA s 34, Ch 4 as amended</b></p> <p>Mayor establishes committees and consultation forums for the budget process</p>	
<b>September</b>	<p>Council through the IDP review process determines strategic objectives for service delivery and development for next three-year budgets including review of provincial and national government sector and strategic plans</p>	<p>CFO and Budget officer of municipality determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives;</p> <p>engage with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc)</p>

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Month	Action by Mayor and Council	Action by Administration
October		Accounting officer initially reviews national policies and budget plans and potential price increases of bulk resources with function and department officials  <b>MFMA s 35, 36, 42; MTBPS</b>
November		Accounting officer reviews and drafts initial changes to IDP  <b>MSA s 34</b>
December	Council finalises tariff (rates and service charges) policies for next financial year  <b>MSA s 74, 75</b>	Accounting officer and senior officials consolidate and prepare proposed budget and plans for next financial year taking into account previous year performance as per audited financial statements
January		Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling. (Proposed national and provincial allocations for three years must be available by 20 January)  <b>MFMA s 36</b>
February		Accounting officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report
March	Mayor tables municipality budget, resolutions, plans, and proposed revisions to IDP at least 90 days before start of budget year  <b>MFMA s 16, 22, 23, 87; MSA s 34</b>	Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others as prescribed  <b>MFMA s 22 &amp; 37; MSA Ch 4 as amended</b>  Accounting officer reviews any changes in prices for bulk resources as communicated by 15 March

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

---

Month	Action by Mayor and Council	Action by Administration
		<b>MFMA s 42</b>
<b>April</b>	<p>Consultation with national and provincial treasuries and finalise sector plans for water, sanitation, electricity etc</p> <p><b>MFMA s 21</b></p>	Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year
<b>May</b>	<p>Public hearings on the budget, and council debate. Council consider views of the local community, NT, PT, other provincial and national organs of state and municipalities. Mayor to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration. Council to consider approval of budget and plans at least 30 days before start of budget year.</p> <p><b>MFMA s 23, 24; MSA Ch 4 as amended</b></p>	Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Month	Action by Mayor and Council	Action by Administration
June	<p>Council must approve annual budget by resolution, setting taxes and tariffs, approving changes to IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year</p> <p><b>MFMA s 16, 24, 26, 53</b></p> <p>Mayor must approve SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with s 57(2) of the MSA. Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and SDBIP.</p> <p>Council must finalise a system of delegations.</p> <p><b>MFMA s 59, 79, 82; MSA s 59-65</b></p> <hr/> <p>Mayor submits the approved SDBIP and performance agreements to council, MEC for local government and makes public within 14 days after approval.</p> <p><b>MFMA s 53; MSA s 38-45, 57(2), 59,65</b></p>	<p>Accounting officer submits the final adopted budget and related documents to NT</p> <p>Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1)(b) of the MSA.</p> <p><b>MFMA s 69; MSA s 57</b></p> <p>Accounting officer publishes adopted budget and plans</p> <p><b>MFMA s 75, 87</b></p>
July		

Abbreviations: **IDP** - Integrated Development Plan; **MFMA** - Local Government: Municipal Finance Management Act, No. 56 of 2003; **MSA** - Local Government: Municipal Systems Act, No. 32 of 2000, as amended; **MTBPS** - National Treasury annual publication, Medium Term Budget and Policy Statement; **NT** - National Treasury; **PT** - Provincial Treasuries; **SDBIP** - Service Delivery and Budget Implementation Plan

***VENTERSDORP LOCAL  
MUNICIPALITY***



***RATES POLICY***

***FORMULATED IN TERMS OF SECTION 3 OF THE  
MUNICIPAL PROPERTY RATES ACT, NO. 6 OF 2004***

***2010/2011 MTEF***



## **RATES POLICY**

### **TABLE OF CONTENTS**

	<b>PAGE</b>
1. LEGISLATIVE CONTEXT	3
2. DEFINITIONS	3
3. POLICY PRINCIPLES	5
4. SCOPE OF THE POLICY	6
5. COMMUNITY PARTICIPATION	7
6. APPLICATION OF THE POLICY	7
7. UTILISATION OF RATES REVENUE	7
8. CATEGORIES OF PROPERTY	8
9. CATEGORIES OF OWNERS	8
10. PROPERTIES USED FOR MULTIPLE PURPOSES	9
11. DIFFERENTIAL RATING	9

12.	LEVYING AND PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEME	9
13.	EXEMPTIONS	10
14.	REDUCTIONS	12
15.	REBATES	13
16	COMPULSORY PHASING-IN OF RATES	16
17.	COSTS AND BENEFITS OF EXEMPTIONS, REDUCTIONS, REBATES, EXCLUSIONS AND PHASING-IN OF RATES	18
18.	REGISTER OF PROPERTIES	18
19.	ACCOUNTS TO BE FURNISHED	19
20.	CORRECTION OF ERRORS AND OMISSIONS	19
21.	RATES INCREASES	19
22.	NOTIFICATION OF RATES	20
23.	PAYMENT OF RATES	20
24.	PROMULGATION OF BY-LAWS	22
25.	FREQUENCY OF VALUATION	22

26.	REGULAR REVIEW PROCESSES	22
27..	SHORT TITLE	22
28.	ENFORCEMENT/IMPLEMENTATION	22
29.	SCHEDULE OF REBATES	23
30.	SCHEDULE OF COSTS OF EXEMPTIONS, REDUCTIONS, REBATES, EXCLUSIONS AND PHASING-IN OF RATES	24
31.	ANNEXURE: LEGAL REQUIREMENTS	25

## **RATES POLICY**

### **1. LEGISLATIVE CONTEXT**

- 1.1 This policy is mandated by Section 3 of the Municipal Property Rates Act, 2004 (No. 6 of 2004), which specifically provides that a municipality must adopt a Rates Policy.
- 1.2 In terms of Section 229 of the Constitution of the Republic of South Africa, 1996 (No.108 of 1996), a municipality may impose rates on property.
- 1.3 In terms of the Municipal Property Rates Act, 2004 (No. 6 of 2004) a municipality in accordance with-
- a. Section 2(1), may levy a rate on property in its area; and
  - b. Section 2(3), must exercise its power to levy a rate on property subject to-
    - i. Section 229 and any other applicable provisions of the Constitution;
    - ii. the provisions of the Property Rates Act; and
    - iii. the rates policy.
- 1.4 In terms of Section 4 (1) (c) of the Municipal Systems Act, 2000 (No. 32 of 2000), the municipality has the right to finance the affairs of the municipality by imposing, inter alia, rates on property.
- 1.5 In terms of Section 62(1)(f)(ii) of the Municipal Finance Management Act, 2003 (No. 56 of 2003) the municipal manager must ensure that the municipality has and implements a rates policy.

### **2. DEFINITIONS**

- 2.1     **“Act”** means the Municipal Property Rates Act, 2004 (No. 6 of 2004).
- 2.2     **“Agricultural purposes”** in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game.
- 2.3     **“Business”** means the activity of buying, selling or trading in goods or services and includes any office or other accommodation on the same erf the use of which is incidental to such business, with the exclusion of the business of mining, agriculture, farming, or inter alia, any other business consisting of cultivation of soil, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organisms.
- 2.4     **“Industrial”** means a branch of trade or manufacturing, production, assembling or processing of finished or partially finished products from raw materials or fabricated part, on so large scale that capital and labour are significantly involved.
- 2.5     **“Market value”** in relation to a property means the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.
- 2.6     **“Mining”** means any operation or activity for the purpose of extracting any mineral on, in or under the earth, water or any residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto.
- 2.7     **“Multiple purposes”** in relation to a property, means the use of a property for more than one purpose and therefore, it cannot be assigned to a single category.
- 2.8     **“Municipality”** means the municipal council for the municipal area of **VENTERSDORP (NW 401)**
- 2.9     **“Municipal properties”** means those properties of which the municipality is the owner.

2.10 **“Newly rateable property”** means any rateable property on which property rates were not levied by 30 June 2005, excluding a property that was incorrectly omitted from a valuation roll and for that reason was not rated before that date.

2.11 **“Protected areas”** means those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, 2003.

2.12 **“Public Benefits Organisations”** means organisations conducting welfare and humanitarian, health care, education and development activities and registered in terms of the Income Tax Act for tax reductions because of those activities.

2.13 **“Public Service Infrastructure”** means publicly controlled infrastructure of the following kinds:

(a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;

(b) water or sewer pipes, ducts or other conduits, dams and water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;

(c) power stations, power substations or power lines forming part of an electricity scheme serving the public;

(d) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;

(e) railway lines forming part of a national railway system;

(f) communication towers, masts, exchanges or lines forming part of a communication system serving the public;

(g) runways or aprons at national or provincial airports;

(h) breakwater, sea walls, channels, basin, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising light houses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;

(i) any other publicly controlled infrastructure as may be prescribed; or

(j) rights of way, easements or servitudes in connection with the infrastructure mentioned in paragraphs (a) to (i) above.

2.14    **“Residential”** means a suite of rooms which forms a living unit that is exclusively used for human habitation purposes, or a multiple number of such units on a property, excluding a hotel, boarding and undertaking, hostel and place of instruction.

2.15    **“State-owned properties”** means properties owned by the State, which are not included in the definition of public service infrastructure.

2.16    **“Vacant land”** means a land where no immovable improvements have been erected.

### 3.     **POLICY PRINCIPLES**

3.1     Rates are levied in accordance with the Act as an amount in the rand based on the market value of all rateable property contained in the municipality’s valuation roll and supplementary valuation roll.

Rateable property includes any right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property.

3.2     As allowed for in the Act, the municipality has chosen to differentiate between various categories of property and categories of owners of property. Some categories of property and categories of owners are granted relief from rates. The municipality

however does not grant relief in respect of payments for rates to any category of owners or properties, or to owners of properties on an individual basis, other than by way of an exemption, rebate or reduction provided for in this policy.

3.3 Phasing in of rates will be based on the new valuation roll and in terms of Section 21 of the Municipal Property rates Act (Act No. 6 of 2004)

3.4 The rates policy for the municipality is based on the following principles:

3.4.1 Equity

The municipality will treat all ratepayers with similar properties the same.

3.4.2 Affordability

The ability of a person to pay rates will be taken into account by the municipality. In dealing with the poor/indigent ratepayers the municipality will provide relief measures through exemptions, reductions or rebates.

3.4.3 Sustainability

Rating of property will be implemented in a way that :

- i. it supports sustainable local government by providing a stable and buoyant revenue source within the discretionary control of the municipality; and
- ii. supports local and social economic development with consideration and compliance with the Local Economic Development (LED) strategy of the municipality.

3.4.4 Reliability



In imposing the rate for each financial year, the municipality will strive to ensure that the aggregate budgeted revenue from property rates less revenues forgone (costs in respect of exemptions, rebates, reductions, exclusions and phasing-in of rates) and less any contribution to provision for bad debts equals at least 25% (twenty five percent) of the municipality's aggregate budgeted net revenue for the financial year concerned. By so doing, the municipality will ensure that its revenue base remains sound and reliable.

#### **4. SCOPE OF THE POLICY**

This policy guides the annual setting (or revision) of property rates. Details pertaining to the applications of the various property rates are published in the Provincial Gazette and the municipality's schedule of tariffs, which must be read in conjunction with this policy.

#### **5. COMMUNITY PARTICIPATION**

Before the municipality adopts the rates policy, the Municipality Manager will follow the process of community participation envisaged in Chapter 4 of the Municipal Systems Act; and comply with the following requirements:

The municipal manager will:

5.1 conspicuously display the draft rates policy for a period of 30 days at the municipality's head and satellite offices and libraries,

5.2 advertise in the media a notice stating that the draft rates policy has been prepared for submission to council, and that such policy is available at the various municipal offices for public inspection. Property owners and interest persons may obtain a copy of the draft rates policy from the municipal offices during office hours at a fee of R50.00 per copy. Property owners and interest persons are

invited to submit comments and representations to the municipality within the period specified in the notice.

- 5.3 Council will consider all comments and/or representations received when considering the finalisation of the rates policy.

## **6. APPLICATION OF THE POLICY**

In imposing the rate in the rand for each annual operating budget component, the municipality shall grant exemptions, rebates and reductions to the respective categories of properties and owners as allowed for in this policy.

## **7. UTILISATION OF RATES REVENUE**

Revenue derived from property rates constitutes a reliable and buoyant

source of income for the municipality for the provision of community services. Property rates represent a critical source of general revenue for the municipality utilized to fund services that benefit the community as a

whole as opposed to individual households. The services funded with revenue from property rates include installing and maintaining roads, streets, sidewalks lighting and storm drainage facilities; and building and operating clinics, parks, recreational facilities and cemeteries. Revenue derived from property rates is also utilized for funding municipal administration such as, computer equipment and stationery, the costs of governance such as, council and community meetings, in order to facilitate community participation in municipal activities such as, the Integrated Development Plan (IDP) and the budget process.

It is incumbent upon the municipality to exercise its power to impose property rates within a statutory framework which enhances certainty,

uniformity and simplicity across the municipal area taking into account the effect of rates on the poor and appropriate measures to alleviate the rates burden on them.

## **8. CATEGORIES OF PROPERTY**

8.1 The municipality has determined categories of property for the purpose of levying different rates and for the purpose of granting relief according to the-

- (a) actual use of the property;
- (b) permitted use of the property; or
- (c) geographical area in which the property is situated

8.2 Categories of property for the municipality include-

- (a) Residential properties;
- (b) Business and commercial properties;
- (c) Industrial properties;
- (d) Mining properties;
- (e) Public service infrastructure;
- (f) Public benefit organisations;
- (g) Agricultural properties used for agricultural purposes;
- (h) Agricultural properties used for eco-tourism or conservation;
- (i) Agricultural properties used for the trading in or hunting of game;
- (j) State-owned properties;
  - State properties that provide local services,
  - State properties that provide regional/municipal district-wide service,
  - State properties that provide provincial/national service.

- (k) Municipal owned properties;
- (l) Protected areas,
- (m) Multiple use properties;
- (n) Vacant land,
- (o) State trust land,
- (p) Properties on which national monuments are situated,
- (q) Properties for public worship.

## **9. CATEGORIES OF OWNERS**

The municipality has determined the following categories of owners for the purpose of granting exemptions, rebates or reductions:

- (a) indigent owners of property;
- (b) owners dependent on pensions or social grants for their livelihood;
- (c) owners temporarily without income;
- (d) owners of property situated within an area affected by-
  - i. a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or
  - ii. any other serious adverse social or economic conditions;
- (e) owners of residential properties with a market value below a determined threshold;
- (f) owners of agricultural properties who are bona fide farmer.

**10. PROPERTIES USED FOR MULTIPLE PURPOSES**

Properties used for multiple purposes shall be rated-

- (a) by apportioning the market value of a property to the different purposes for which the property is used; and
- (b) applying the relevant cent amount in the rand to the corresponding apportioned market value.

**11. DIFFERENTIAL RATING**

11.1 Criteria for differential rating on different categories of properties will be according to-

- (a) The nature of the property including its sensitivity to rating e.g. agricultural properties used for agricultural purposes.
- (b) The promotion of social and economic development of the municipality.

11.2 Differential rating among the various property categories will be done by way of the set rate for each property category

and/or

11.3 by way of reductions and rebates.

**12. LEVYING AND PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEME**

12.1 The rate on a property which is subject to a sectional title scheme will be levied on the individual sectional title units in the scheme and not on the property as a whole.

12.2 The rate levied on a sectional title unit will be payable by the owner of the unit. The municipality will not recover the rate on such sectional title unit, or any part of such rate, from the body corporate controlling the sectional title scheme, except when the body corporate itself is the owner of any specific sectional title unit.

### **13. EXEMPTIONS**

13.1 The following categories of property are exempted from rates:

#### **13.1.1 Municipal properties**

Subject to a majority decision, the municipality may exempt the following municipal properties from paying rates as it will increase the rates burden or service charges to property owners or consumers.

- (a) rateable properties registered in the name of the municipality and is let to the employees of the municipality for residential purposes,
- (b) rateable property registered in the name of another municipality if such property is used in connection with the supply of electricity, water, gas or sewerage services, or
- (c) rateable property registered in the name of the municipality and which is let by the municipality for not more than a nominal rent as determined by the municipality.

except

- (d) If any property belonging to a municipality is disposed off to any person, he/she shall be considered to be the owner liable for the payment of rates from the date he takes possession.

#### **13.1.2 Residential properties**

All residential properties with a market value of less than R 17 000 are exempted from paying rates. The mandatory exemption from payment of rates of the first R15 000 of the market value of all residential properties contemplated in section 17(1)(h) of the Act is included in the amount of R17

000. This is an important part of the council's indigent policy and is aimed primarily at alleviating poverty

13.1.3 Cemeteries and crematoria

Registered in the names of private persons and operated not for gain.

13.1.4 Public Benefit Organisations

The following Public Benefit Organisations may apply for the exemption of property rates subject to submitting a tax exemption certificate issued by the South African Revenue Services (SARS) as contemplated in Part 1 of the Ninth Schedule of the Income Tax Act, 1962 (No 58 of 1962):

I. Health care institutions

Properties used exclusively as a hospital, clinic and mental hospital, including workshops used by the inmates, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

ii. Welfare institutions

Properties used exclusively as an orphanage, non-profit retirement villages, old age home or benevolent institution, including workshops used by the residents, laundry or cafeteria facilities, provided that any profits from the use of the property are used entirely for the benefit of the institution and/or to charitable purposes within the municipality.

iii Educational institutions

Property belonging to educational institutions declared or registered by law.

Iv      Independent schools

Property used by registered independent schools for educational purposes only.

V        Charitable institutions

Property belonging to not-for-gain institutions or organisations that perform charitable work.

Vi       Sporting bodies

Property used by an organisation whose main purpose is to use the property for sporting purposes on a non-professional and non-profitable basis.

Vii.     Cultural institutions

Properties declared in terms of the Cultural Institutions Act, Act 29 of 1969 or the Cultural Institutions Act, Act 66 of 1989.

Viii .    Museums, libraries, art galleries and botanical gardens

Registered in the name of private persons, open to the public and not operated for gain.

Ix        Youth development organisations



Property owned and/or used by organisations for the provision of youth leadership or development programmes.

X      Animal welfare

Property owned or used by institutions/organisations whose exclusive aim is to protect birds, reptiles and animals on a not-for-gain basis.

13.1.5      Place of Worship

Property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

13.1.6      Protected areas

Properties on those areas of special nature reserves, national park or nature reserve within the meaning of the Protected Areas Act.

13.2      Exemptions will be subject to the following conditions:

13.2.1      all applications must be addressed in writing to the municipality in the prescribed manner or application form;

13.2.2      a SARS tax exemption certificate must be attached to all applications;

13.2.3      the municipal manager or his/her nominee must approve all applications;

13.2.4      applications must reach the municipality before the end of October preceding the start of the new municipal financial year for which relief is sought; and

- 13.2.5 the municipality reserves the right to refuse exemptions if the details supplied in the application form are incomplete, incorrect or false.

#### **14. REDUCTIONS**

- 14.1 A reduction in the municipal valuation as contemplated in section 15(1)(b) of the Act will be granted where the value of a property is affected by-

14.1.1 a disaster within the meaning of the Disaster Management Act, 2002 (Act No. 57 of 2002); or

14.1.2 any other serious adverse social or economic conditions such as fire damage, floods or demolition of the property..

- 14.2 The reduction will be based on the certificate issued for this purpose by the municipal valuer.

- 14.3 All categories of owners can apply for a reduction in the valuation of the property as described above.

#### **15. REBATES**

- 15.1. Categories of property

15.1.1 Business, commercial and industrial properties

The municipality will grant rebates to rateable enterprises that promote local, social and economic development in its area of jurisdiction, based on its Local, Social and Economic Development Policy. The following criteria will apply:

- a. job creation in the municipal area;
- b. social upliftment of the local community; and
- c. creation of infrastructure for the benefit of the local community.

Rebates will be granted on application as prescribed to:

- a. a business plan submitted in respect of the company indicating how the local, social and economic development objectives of the municipality are going to be met;
- b. an implementation plan submitted and certified by auditors of the company stating that the objectives have been met in the first year after establishment and how the business entity plans to continue to meet the objectives;
- c. an assessment by the municipal manager or his/her nominee indicating that the company qualifies; and
- d. approval of the application by a municipal council resolution.

#### 15.1.2 State properties

The municipality will grant rebates in respect of state properties as set out in schedule A.

#### 15.1.3 Residential properties

The municipality will grant rebate, as set out in schedule A,

Which applies to improved residential property that is:

- 15.1.3.1 used predominantly for residential purposes, with not more than two dwelling units per property,
- 15.1.3.2 registered in terms of the Sectional Title Act,
- 15.1.3.3 owned by a share-block company, or
- 15.1.3.4 a rateable residence on property used for or related to educational purpose.

15.1.4 Agricultural property rebate

15.1.4.1 Agricultural properties will be granted a rebate subject to the owner providing the municipality with required information in an affidavit received not later than 30 September each year.

15.1.4.2 Qualifying requirements are that the owner should provide proof that he is registered as a bona fide farmer with SARS,

or

where the owner is not taxed as a farmer, proof is required that income from farming activities exceeds 40% of the household income.

15.1.4.3 Rebates will be granted on the basis of the following criteria as set out in Schedule A:

a. The extent of municipal services provided to agricultural properties

- i. if there are no municipal roads next to the property.
- ii. if there is no municipal sewerage to the property.
- iii. if there is no municipal electricity to the property.
- iv. if water is not supplied by the municipality
- v. if there is no refuse removal that is provided by the municipality.

b. The contribution of agriculture to the local economy

A rebate will be granted to agricultural property that contributes substantially to job creation, and the salaries/wages of farm workers are reasonable, e.g. if they meet minimum standards set by government or if they are in line with the sector's average.

c. Rebates will be granted after submission of proof by the owner, to the extent to which agriculture assists in meeting service delivery and development obligations of the

municipality and contribution to the social and economic welfare of farm workers:

- i. if the owner is providing permanent residential property to the farm workers and such property is registered in the name of these farm workers,
- ii. if such residential properties are provided with potable water.
- iii. if the farmer has electrifies such residential properties of his farm workers.
- iv. if the farmer is availing his land/buildings to be used for cemetery, education and recreational purposes of the farm workers and their dependants and the nearby community in general, etc.

15.1.5 Conservation Land

No rebates are granted to privately owned properties whether designated or used for conservation purposes subject to the provision of Section 17(1)(e) of the Act.

15.1.6 Historical or heritage properties

No rebates are granted other than residential rebates if appropriate.

15.1.7 Public Service Infrastructure

A rebate of 30% as mandated by the Act [Section 17(1)(a)] will be granted for Public Service Infrastructure as they provide essential services to the community

15.2 Categories of owners

15.2.1 Retired and Disabled Persons Rate Rebate

Retired and Disabled Persons qualify for special rebates according to monthly household income as set out in Schedule A.

To qualify for the rebate a property owner must:

- a. occupy the property as his/her normal residence;
- b. be at least 60 years of age or in receipt of a disability pension from the Department of Social Development or other approved pension funds;
- c. be in receipt of a total monthly income from all sources (including income of spouses of owner)
- d. not be the owner of more than one property.

15.2.2 Property owners must apply on a prescribed application form for a rebate as determined by the municipality.

Applications must be accompanied by-

- a. a certified copy of the bar coded identity document. passport, driver's license, birth certificate or any other proof of the owner's age which is acceptable to the municipality;

- b. sufficient proof of income of the owner and his/her spouse;
- c. an affidavit from the owner;
- d. if the owner is a disabled person proof of a disability pension payable by the state must be supplied; and
- e. if the owner has retired at an earlier stage for medical reasons proof thereof must be submitted.
- f. be in receipt of a total monthly income from all sources (including income of spouses of owner)

15.2.3 These applications must reach the municipality before the end of September preceding the start of the new municipal financial year for which relief is sought.

The municipality reserves the right to refuse rebates if the details supplied in the application form are incomplete, incorrect or false.

15.3 Properties with a market value below a prescribed valuation level

These properties will be levied at a flat rate instead of a rate determined on the market value.

**16. COMPULSORY PHASING-IN OF RATES**

16.1 Newly Rateable Properties

16.1.1 Newly rateable property is any rateable property on which property rates were not levied by 30 June 2005, excluding a property that was incorrectly omitted from a valuation roll and for that reason was not rated before that date.

16.1.2 Rates levied on newly rateable property will be phased in over a period of three financial years. The phasing-in discount will be determined as follow:

- (a) In the first year, a discount of 75% of the rates for the year applicable on the property,
- (b) in the second year, a discount of 50% of the rates for the year applicable on the property,
- (c) in the third year, a discount of 25% of the rates for the year applicable on the property.

16.2 Newly Rateable property owned and used by Public Benefit Organisations

16.2.1 Rates levied on newly rateable property owned and used by organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for those activities will be phased in over a period of four financial years. The phasing-in discount will be determined as follow:

- (a) In the first year no rates will be levied on the property concerned,
- (b) In the second year, discount of 75% of the rates for the year applicable on the property,
- (c) in the third year, discount of 50% of the rates for the year applicable on the property,
- (d) in the fourth year, a discount of 25% of the rates for the year applicable on the property,

16.3 Rates on Property belonging to a land reform beneficiary or his/her heirs

16.3.1 The exclusion on property belonging to a land reform beneficiary or his/her heirs from levying of rates will lapse ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds After the exclusion period has lapsed, rates payable on the properties concerned will be phased-in over a period of three financial years.

The phasing-in discount will be determined as follow:

- (a) In the first year, a discount of 75% of the rates for the year applicable on the property,
- (b) in the second year, a discount of 50% of the rates for the year applicable on the property,
- (e) in the third year, a discount of 25% of the rates for the year applicable on the property,



**17. COSTS AND BENEFITS OF EXEMPTIONS, REDUCTIONS, REBATES, EXCLUSIONS AND PHASING-IN OF RATES**

17.1 The costs in respect of exemptions, reductions, rebates, exclusions and phasing-in of rates to the municipality are as set out in schedule B.

17.2 The municipal manager will ensure that the revenues forgone (costs in respect of exemptions, reductions, rebates, exclusions and phasing-in of rates) are appropriately disclosed in each annual operating budget, annual financial statements and annual report and that such exemptions, rebates, reductions and phasing-in of rates are clearly indicated on the rates account submitted to each property owner.

17.3 The benefits to the community of granting relief are-

- i. the promotion of local economic development including attracting business investment, for example small business establishment;
- ii. creation of employment for municipal residents;
- iii. promotion of service delivery, for example by farmers;
- iv. poverty alleviation to the indigents;
- v. social development and moral development, for example, by religious institutions, sports institutions, schools and other non governmental organisations which promote health and other benefit to the community; and
- vi. Improved local economic growth.

**18. REGISTER OF PROPERTIES**

The municipality will compile and maintain a register in respect of all properties situated within the jurisdiction of the municipality. The register will be divided into Part A and Part B.

Part A of the register will consist of the current valuation roll of the municipality and will include any supplementary valuation rolls prepared from time to time.

Part B of the register will specify which properties on the valuation roll or any supplementary valuation rolls are subject to:

- (i) exemption from rates in terms of Section 15 of the Act;
- (ii) rebate or reduction in terms of Section 15,
- (iii) phasing-in of rates in terms of Section 21; and
- (iv) exclusion referred to in Section 17.

The register will be open for inspection by the public at the municipality during office hours, or on the website of the municipality.

The municipality will update Part A of the register every 6 months during the supplementary valuation process.

Part B of the register will be updated annually during the budget process.

## **19. ACCOUNTS TO BE FURNISHED**

The municipality will furnish each person liable for the payment of rates with a written account which will specify:

- (i) the amount due for rates payable;
- (ii) the date on or before which the amount is payable;
- (iii) how the amount was calculated;
- (iv) the market value of the property; and
- (v) exemptions, reductions, rebates or phasing-in discount, if applicable.

A person liable for payment of the rates remains liable for such payment whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, he/she must make the necessary enquiries from the municipality.

## **20. CORRECTION OF ERRORS AND OMISSIONS**

- 20.1 Where the rates levied on a particular property have been incorrectly determined, whether because of an error or omission on the part of the municipality or false information provided by the property owner concerned or a contravention of the permitted use to which the property concerned may be put, the rates payable shall be appropriately adjusted for the period extending from the date on which the error or omission is detected back to the date on which rates were first levied in terms of the current valuation roll.
- 20.2. In addition, where the error occurred because of false information provided by the property owner or as a result of a contravention of the permitted use of the property concerned, interest on the unpaid portion of the adjusted rates payable shall be levied at the maximum rate permitted by prevailing legislation.

## **21. RATES INCREASES**

- 21.1 The municipality may consider increasing rates annually during the budget process in accordance with the guidelines issued by the National Treasury from time to time.
- 21.2 The municipality will ensure that community participation in increases in rates is effected through it's annual budget process.

## **22. NOTIFICATION OF RATES**

- 22.1 The municipality will give notice of all rates approved at the annual budget meeting at least 30 days prior to the date that the rates become effective. Accounts delivered after the 30 days notice will be based on the new rates.

- 22.2 A notice stating the extent of the municipality's resolution and the date on which the new rates become operational will be conspicuously displayed by the municipality for a period of at least 30 days at its head and satellite offices and libraries as well as publishing it in the Provincial Gazette as required in terms of section 14(2) of the Act.

## **23. PAYMENT OF RATES**

### **23.1 Payment in Instalments**

The property owner may choose between paying rates annually in one instalment on or before 30 September or in twelve equal instalments on or before the seventh day of the month following on the month in which it becomes payable.

If the notifies the municipal manager or his/her nominee not later than 31 May in any financial year, or such later date in such financial year as may be determined by the municipal manager or his/her nominee that he/she wishes to pay all rates in respect of such property in instalments, such owner shall be entitled to pay all rates in the subsequent financial year and each subsequent financial year in twelve instalments until such notice is withdrawn by him/her in a similar manner.

### **23.2 Interest on Rates in Arrears**

Interest on rates in arrears, whether payable on or before 30 September or in equal monthly instalments, shall be calculated in accordance with the interest rate as determined by the Minister for Provincial and Local Government.

23.3 Recovery of Rates in Arrears from Owner

If the property owner fails to pay rates in the prescribed manner, the municipality will recover the rates from him/her in accordance with the provisions of the Credit Control, Debt Collection and Indigent policy of the municipality.

23.4 Recovery of Rates in Arrears from Tenants and Occupiers

Rates in arrears shall be recovered from a tenant or occupier of the property of the owner, in terms of section 28 of the Act.

- (a) If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined, the municipality will recover the amount in whole or in part from the tenant or occupier of the property, despite any contractual obligation, to the contrary, on the tenant or occupier. The municipality will only recover the outstanding rates from the tenant or occupier after a written notice has been served to the tenant or occupier.
- (b) The amount the municipality will recover from the tenant or occupier will be limited to the amount of the rent or other money due and payable, but not yet paid by the tenant or occupier to the owner of the property. The tenant or occupier must set off any amount recovered from him/her by the municipality against any money owed to the owner.
- (c) The tenant or occupier of a property will on request of the municipality, furnish the municipality with a written statement specifying all payments to be made by the tenant or occupier to the owner of the property for rent or other money payable on the property during a period as may be determined by the municipality.

23.5 Recovery of Rates in Arrears from Agents

Rates in arrears shall be recovered from an agent of the owner of the property in terms of section 29 of the Act.

- (a) If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined, the municipality will recover the amount in whole or in part from the agent of the owner. The municipality will only recover the outstanding rates from the agent after a written notice has been served to the agent.
- (b) The amount the municipality will recover from the agent will be limited to the amount of any rent or other money received by the agent on behalf of the owner, less any commission due to the agent.
- (c) The agent, will on request of the municipality, furnish the municipality with a written statement specifying all payments for rent on the property and any money received by the agent on behalf of the owner during a period as may be determined by the municipality.

#### **24. PROMULGATION OF BY-LAWS**

The municipality will promulgate by-laws to give effect to the implementation of this rates policy, and such by-laws may differentiate between different categories of properties, and different categories of owners of properties liable for the payment of rates.

#### **25. FREQUENCY OF VALUATION**

The municipality shall prepare a new valuation roll every 4 (four) years, with the option to extend the validity of the valuation roll to 5 (five) years subject to the approval of the MEC for Local Government and Housing in the province.

Supplementary valuation roll will be prepared every 6 (six) months.

**26. REGULAR REVIEW PROCESSES**

The rates policy will be reviewed on an annual basis to ensure that it complies with the municipality's strategic objectives as contained in the IDP and with legislation.

**27. SHORT TITLE**

This policy is the Property Rates Policy of the Ventersdorp Local Municipality.

**28. ENFORCEMENT/IMPLEMENTATION**

This policy has been approved by the Municipality in terms of resolution  
.....dated ..... and comes into effect from 1 July .....

**SCHEDULE A  
SCHEDULE OF REBATES**

Category/Description	Proposed rebate	Council's adopted rebate
State Properties:	20%	
Residential Properties	40%	

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Public schools	50%	
Private schools	50%	
Public Service Infrastructure	30%	
<b><u>Rebates on Agricultural Land</u></b>		
➤ No municipal roads next to property	7,5%	
➤ No municipal sewerage to the property	7,5%	
➤ No municipal electricity to the property	7,5%	
➤ No water supply to the property by the municipality	15%	
➤ No refuse removal provided by the municipality	7,5%	
➤ Contribution to job creation	5%	
<b><u>Contribution to social and economic welfare of farm workers:</u></b>		
➤ Permanent residential property provided to the farm workers	5%	
➤ Residential property provide with potable water	5%	
➤ Residential property provide with potable water	5%	
➤ Residential property provide with electricity	5%	
➤ Availing land/buildings for education and recreational purposes for farm workers	5%	
<b><u>Retired and disabled person on residential properties only :</u></b>		
➤ Owner with income less than R 2 500 per month	40%	
➤ Owner with income between R 2 501 and R 3 500	20%	
➤ Owner with income between R 3 501 and R 5 000	10%	



**Note: Instead of changing the whole document every year, the municipality**

**can only change this schedule after negotiation with community and role players has been finalised and is ready for adoption by council during the approval of the annual budget of the municipality**

## **SCHEDULE B**

**The costs associated with exemptions, reductions, rebates, exclusions and phasing-in of rates**

i.	<u>Exemptions</u>	R	c
	Municipal properties	.....	
	Residential properties	.....	
	Cemeteries and crematoriums	.....	
	Public benefit organisations	.....	
ii.	<u>Reductions</u>		
	Properties affected by disaster	.....	
	Properties affected by serious adverse social or economic conditions	.....	
iii.	<u>Rebates</u>		
	Enterprises that promote local, social and economic development		
	Public service infrastructure		
	State properties	.....	
	Residential properties	.....	
	Retired and disabled persons	.....	
iv.	<u>Phasing in</u>		

	Newly rateable property	.....
	Land reform beneficiaries	.....
v.	<u>Exclusions</u>	
	Public service infrastructure	.....
	Protected areas	.....
	Land reform beneficiary	.....
	Residential property (mandatory exemption	
	of R15 000)	
	Public places of worship	.....
	<b>Total Cost</b>	_____

## **ANNEXURE “A”**

### **LEGAL REQUIREMENTS**

The annexure does not cover the complete contents of the Property Rates Act, but focus on those requirements that are immediately relevant to a municipality's rates policy. The provisions dealing with most of the valuation processes and with transitional arrangements are not covered in this annexure.

### **SECTION 2: POWER TO LEVY RATES**

A metropolitan or local municipality may levy a rate on property in its municipal area.

A municipality must exercise its power to levy a rate on property subject to Section 229 and any other applicable provisions of the Constitution, the provisions of the present Act, and the rates policy it must adopt in terms of this Act.

### **SECTION 3: ADOPTION AND CONTENTS OF RATES POLICY**

The council of a municipality must adopt a policy consistent with the present Act on the levying of rates on rateable property in the municipality.

Such a rates policy will take effect on the effective date of the first valuation roll prepared by the municipality in terms of the present Act, and such policy must accompany the municipality's budget for the financial year concerned when that budget is tabled in the council in terms of the requirements of the Municipal Finance Management Act.

A rates policy must:

- treat persons liable for rates equitably;
- determine the criteria to be applied by the municipality if it:
  - levies different rates for different categories of property;
  - exempts a specific category of owners of properties, or the owners of a specific category of properties, from payment of a rate on their properties;
  - grants to a specific category of owners of properties, or to the owners of a specific category of properties, a rebate on or a reduction in the rate payable in respect of their properties; or increases rates;

- determine or provide criteria for the determination of categories of properties for the purposes of levying different rates, and categories of owners of properties, or categories of properties, for the purpose of granting exemptions, rebates and reductions;
- determine how the municipality's powers in terms of Section 9 must be exercised in relation to properties used for multiple purposes;
- identify and quantify in terms of cost to the municipality and any benefit to the local community, exemptions, rebates and reductions; exclusions; and rates on properties that must be phased in terms of Section 21;
- take into account the effect of rates on the poor and include appropriate measures to alleviate the rates burden on them;
- take into account the effect of rates on organisations conducting specified public benefit activities and registered in terms of the Income Tax Act for tax reductions because of those activities, in the case of property owned and used by such organisations for those activities;
- take into account the effect of rates on public service infrastructure;
- allow the municipality to promote local, social and economic development; and
- identify, on a basis as may be prescribed, all rateable properties in a municipality that are not rated in terms of Section 7.

When considering the criteria to be applied in respect of any exemptions, rebates and reductions on properties used for agricultural purposes, a municipality must take into account:

- the extent of services provided by the municipality in respect of such properties;
- the contribution of agriculture to the local economy;
- the extent of which agriculture assists in meeting the service delivery and development obligations of the municipality; and
- the contribution of agriculture to the social and economic welfare of farm workers.

Any exemptions, rebates or reductions granted and provided for in the rates policy adopted by a municipality must comply and be implemented in accordance with a national framework that may be prescribed after consultation with organised local government.

No municipality may grant relief in respect of the payment of rates to:

a category of owners of properties, or to the owners of a category of properties, other than by way of an exemption, rebate or reduction as provided for in its rates policy and granted in terms of Section 15 of the present Act; or

the owners of properties on an individual basis.

#### **SECTION 4: COMMUNITY PARTICIPATION**

Before a municipality adopts its rates policy, the municipality must follow the process of community participation envisaged in Chapter 4 of the Municipal Systems Act; and comply with the following requirements, as set out below.

The municipal manager of the municipality must:

- conspicuously display the draft rates policy for a period of at least 30 days at the municipality's head and satellite offices and libraries, and, if the municipality has an official website or a website available to it, on that website as well; and
- advertise in the media a notice stating that a draft rates policy has been prepared for submission to the council, and that such policy is available at the various municipal offices for public inspection, and (where applicable) is also available on the relevant website; and inviting the local community to submit comments and representations to the municipality within a period specified in the notice, but which period shall not be less than 30 days.

The council must take all comments and representations made to it into account when it considers the draft rates policy.

#### **SECTION 5: ANNUAL REVIEW OF RATES POLICY**

The council will annually review, and if necessary amend its rates policy taking into account public comments and inputs. Any amendments to the rates policy will accompany the municipality's annual budget when it is tabled in the council in terms of the Municipal Finance Management Act.

#### **SECTION 6: BY-LAWS TO GIVE EFFECT TO RATES POLICY**

A municipality must adopt by-laws to give effect to the implementation of its rates policy, and such by-laws may differentiate between different categories of properties, and different categories of owners of properties liable for the payment of rates.

#### **SECTION 7: RATES TO BE LEVIED ON ALL RATEABLE PROPERTY**

When levying rates a municipality must levy such rates on all rateable property in its area, but it is nevertheless not obliged to levy rates on:

- properties of which the municipality itself is the owner;
- public service infrastructure owned by a municipal entity;
- rights registered against immovable property in the name of a person;
- properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure attributable to past racially discriminatory laws or practices.

The requirement to levy rates on all rateable properties does not prevent a municipality from granting exemptions from rebates on or reductions in rates levied.

## **SECTION 8: DIFFERENTIAL RATES**

A municipality may in terms of the criteria set out in its rates policy levy different rates for different categories of rateable property, and these categories may be determined according to the:

- use of the property;
- permitted use of the property; or
- geographical area in which the property is situated.

Categories of rateable property that may be determined include the following:

- residential properties
- industrial properties
- business and commercial properties
- farm properties used for:
  - agricultural purposes
  - other business and commercial purposes
  - residential purposes
  - purposes other than those specified above
- farm properties not used for any purpose
- smallholdings used for:
  - agricultural purposes
  - residential purposes
  - industrial purposes
  - business and commercial purposes

-purposes other than those specified above

- state owned properties
- municipal properties
- public service infrastructure
- privately owned towns serviced by the owner
- formal and informal settlements
- communal land
- state trust land
- properties acquired through the provision of Land Assistance Act 1993 or the Restitution of Land Rights Act 1994 or which is subject to the Communal Property Associations Act 1996
- protected areas
- properties on which national monuments are proclaimed
- properties owned by public benefit organisations and used for any specific public benefit activities
- properties used for multiple purposes.

## **SECTION 9: PROPERTIES USED FOR MULTIPLE PURPOSES**

A property used for multiple purposes must, for rates purposes, be assigned to a category determined by the municipality for properties used for:

- a purpose corresponding with the permitted use of the property, if the permitted use of the property is regulated;
- a purpose corresponding with the dominant use of the property; or
- multiple purposes, as specified in Section 8 above.

A rate levied on a property assigned to a category of properties used for multiple purposes must be determined by:

- apportioning the market value of the property, in a manner as may be prescribed to the different purposes for which the property is used; and
- applying the rates applicable to the categories determined by the municipality for properties used for those purposes to the different market value apportionments.

## **SECTION 10: LEVYING OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES**

A rate on a property which is subject to a sectional title scheme must be levied on the individual sectional title units in the scheme, and not on the property on a whole.

## **SECTION 11: AMOUNT DUE FOR RATES**

A rate levied by a municipality on property must be stated as an amount in the rand:

- on the market value on the property;
- in the case of public service infrastructure, on the market value of the public service infrastructure less 30% of that value;
- in the case of property to which Section 17(1)(h) applies, on the market value of the property less the amount stated in that section (note the section concerned deals with the requirement that the first R15 000 of the market value of certain properties is not rateable).

## **SECTION 12: PERIODS FOR WHICH RATES MAY BE LEVIED**

In levying rates, a municipality must levy the rate for a financial year. A rate lapses at the end of the financial year for which it was levied.

The levying of rates forms part of the municipality's annual budget process, and the municipality must therefore annually, at the time of its budget process, review the amount in the rand of its current rates in line with the annual budget for the next financial year.

## **SECTION 13: COMMENCEMENT OF RATES**

A rate becomes payable as from the start of the particular financial year, or if the municipality's annual budget is not approved by the start of the financial year, as from such later date when the municipality's annual budget, including the resolution levying the rates, is approved by the provincial executive in terms of section 26 of the Municipal Finance Management Act.

## **SECTION 14: PROMULGATION OF RESOLUTIONS LEVYING RATES**

A rate is levied by a municipality by a resolution passed by the council with a supporting vote of a simple majority of its members.

The resolution levying the rates must be promulgated by publishing the resolution in the provincial gazette.



Whenever a municipality passes a resolution to levy rates, the municipal manager must, without delay, conspicuously display the resolution for a period of at least 30 days at the municipality's head and satellite offices and libraries, and if the municipality has an official website or a website is available to it, on that website as well; and advertise in the media a notice stating that the resolution levying the property rates has been passed by the council, and that the resolution is available at the municipality's head and satellite offices as so forth.

## **SECTION 15: EXEMPTIONS, REDUCTIONS AND REBATES**

A municipality may in terms of the criteria which it has set out in its rates policy:

- exempt a specific category of owners of properties, or the owners of a specific category of properties, from payment of the rate levied on their property; or
- grant to a specific category of owners, or to the owners of a specific category of properties, a rebate on or a reduction in the rates payable in respect of their properties.

In granting exemptions, reductions and rebates in respect of owners or categories of properties, a municipality may determine such categories in accordance with Section 8 of the present Act, and when granting exemptions, reductions or rebates in respect of categories of owners of properties, such categories may include:

- indigent owners;
- owners dependent on pensions or social grants for their livelihood;
- owners temporarily without income;
- owners of property situated within an area affected by a disaster or any other serious adverse social or economic conditions;
- owners of residential properties with a market value lower than an amount determined by the municipality; and
- owners of agricultural properties who are bona fide farmers.

The municipal manager must annually table in the council:

- a list of all exemptions, reductions and rebates granted by the municipality during the previous financial year; and
- a statement reflecting the income which the municipality has forgone during the previous financial year by way of such exemption, reductions and rebates, exclusions referred to in the Act, and the phasing in discount granted in terms of Section 21.

All exemptions, reductions and rebates projected for a financial year must be reflected in the municipality's annual budget for that year as income on the revenue side and expenditure on the expenditure side.

#### **SECTION 16: CONSTITUTIONALLY IMPERMISSIBLE RATES**

In terms of the Constitution a municipality may not exercise its power to levy rates on property in a manner that materially and unreasonably prejudices national economic policies, economic activities across its boundaries, or the national mobility of goods, services, capital and labour.

If a rate on a specific category of properties, or a rate on a specific category of properties above a specific amount in the rand, is materially and unreasonably prejudicing any of the matters referred to above, the Minister of Provincial and Local Government may, by notice in the gazette, give notice to the relevant municipality that the rate must be limited to an amount in the rand specified in the notice.

#### **SECTION 17: OTHER IMPERMISSIBLE RATES**

A municipality may not levy a rate on:

- the first 30% of the market value of public service infrastructure;
- any part of the seashore;
- any part of the territorial waters of the Republic;
- any islands of which the state is the owner;
- those parts of a special nature reserve, national park or nature reserve or national botanical garden which are not developed or used for commercial, business, agricultural or residential purposes;
- mineral rights;

- property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses 10 years from the date on which such beneficiary's title was registered in the office of the registrar of deeds;
- the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll to a category determined by the municipality for residential purposes or for properties used for multiple purposes, provided one or more components of the property are used for residential purposes;
- a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office bearer of that community and who officiates at services at that place of workshop.

(The remainder of this Section deals with situations where the various exemptions lapse).

#### **SECTION 18: EXEMPTION OF MUNICIPALITIES FROM PROVISIONS OF SECTION 17**

A municipality may apply in writing to the Minister for Provincial and Local Government to be exempted from applying the exemptions granted in respect of the first 30% of the market value of public infrastructure, the exemptions on nature reserves, national parks and national botanical gardens, the exemption on property belonging to land beneficiaries, and the exemption applying to the first R15 000 of the market value of residential and mixed use property, if the municipality can demonstrate that such exclusions are compromising or impeding its ability or right to exercise its powers or perform its functions within the meaning of the Constitution.

#### **SECTION 19: IMPERMISSIBLE DIFFERENTIATION**

A municipality may not levy:

- different rates on residential properties (except where transitional arrangements apply or where some of the properties are newly rateable);
- a rate on non-residential properties that exceeds a prescribed ratio to the rate on residential properties;
- rates which unreasonably discriminate between categories of non-residential properties; and
- additional rates, except as provided for in Section 22.

#### **SECTION 20: LIMITS ON ANNUAL INCREASES OF RATES**

The Minister of Provincial Local Government may, with the concurrence of the Minister of Finance and by notice in the gazette, set an upper limit on the percentage by which rates on properties or a rate on a specific category of properties may be increased. Different limits may be set for different kinds of municipalities or different categories of properties.

The Minister may, on written application by a municipality, and on good cause shown, exempt such municipality from a limit set in terms of the foregoing.

## **SECTION 21: COMPULSORY PHASING IN OF CERTAIN RATES**

A rate levied on newly rateable property must be phased in over a period of three financial years. Similarly, a rate levied on property owned by a land reform beneficiary must, after the exclusion period has lapsed, be phased in over a period of three financial years.

A rate levied on a newly rateable property owned and used by organisations conducting specified public benefit activities must be phased in over a period of four financial years.

The phasing in discount on a property must:

- in the first year, is at least 75% of the rate for that year otherwise applicable to that property;
- in the second year, be at least 50% of the rate for that year otherwise applicable to that property, and;
- in the third year, is at least 25% of the rate for that year otherwise applicable to that property.

No rate may be levied during the first year on newly rateable property owned and used by organisations conducting specified public benefit activities. Thereafter the phasing in discount shall apply as for other newly rateable property except that the 75% discount shall apply to the second year, the 50% to the third year, and the 25% to the fourth year.

A rate levied on newly rateable property may not be higher than the rate levied on similar property or categories of property in the municipality.

## **SECTION 22: SPECIAL RATING AREAS**

A municipality may by a resolution of its council determine an area within that municipality as a special rating area, levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area, and differentiate between categories of properties when levying such additional rate.

For determining such a special rating area, the municipality must undertake a prescribed process of consultation with the local community, and obtain the consent of the majority of the members of the local community in the proposed special rating area who will be liable for paying the additional rate.

The levying of an additional rate may not be used to reinforce existing inequities in the development of the municipality, and any determination of a special rating area must be consistent with the objectives of the municipality's IDP.

### **SECTION 23: REGISTER OF PROPERTIES**

The municipality must draw up and maintain a register in respect of all properties situated within that municipality, dividing such register into a part A and a part B.

Part A of the register consists of the current valuation roll of the municipality, including any supplementary valuation rolls prepared from time to time.

Part B of the register specifies which properties on the valuation roll or any supplementary valuation rolls are subject to:

- an exemption from rates in terms of Section 15 of the present Act;
- a rebate on or a reduction in the rate in terms of Section 15;
- a phasing in of the rate in terms of Section 21; and
- exclusion referred to in Section 17.

The register must be open for inspection by the public during office hours, and if the municipality has an official website or a website available to it, the register must also be displayed on that website.

The municipality must at regular intervals, but at least annually, update part B of the register.

### **SECTION 24: PROPERTY RATES PAYABLE BY OWNERS**

A rate levied by a municipality on property must be paid by the owner of the property.

Joint owners of a property are jointly and severally liable for the amount due for rates on that property.

In the case of agricultural property owned by more than one owner in undivided shares, the municipality must consider whether in the particular circumstances it would be more appropriate for the municipality to hold any one of the joint owners liable for all rates levied in respect of the agricultural property, or to hold any joint owner only liable for that portion of the rates levied on the property that represent that joint owner's undivided share in the agricultural property.

#### **SECTION 25: PAYMENT OF RATES ON PROPERTY IN SECTIONAL TITLE SCHEMES**

The rate levied by a municipality on a sectional title unit is payable by the owner of the unit.

The municipality may not recover the rate on such sectional title unit, or any part of such rate, from the body corporate controlling the sectional title scheme, except when the body corporate itself is the owner of any specific sectional title unit.

#### **SECTION 26: METHOD AND TIME OF PAYMENT**

A municipality must recover a rate on a monthly basis, or less often as may be prescribed in terms of the Municipal Finance Management Act, or annually, as may be agreed to with the owner of the property.

If the rate is payable in a single annual amount, it must be paid on or before a date determined by the municipality. If the rate is payable in instalments, it must be paid on or before a date in each period determined by the municipality.

#### **SECTION 27: ACCOUNTS TO BE FURNISHED**

A municipality must furnish each person liable for the payment of a rate with a written account specifying:

- the amount due for rates payable;

- the date on or before which the amount is payable;
- how the amount was calculated;
- the market value of the property;

if the property is subject to any compulsory phasing in discount in terms of Section 21, the amount of the discount, and

if the property is subject to any additional rate in terms of Section 22, the amount due for additional rates.

The person liable for payment of the rates remains liable for such payment whether or not such person has received a written account from the municipality. If the person concerned has not received a written account, that person must make the necessary enquiries from the municipality.

#### **SECTION 28: RECOVERY OF RATES IN ARREARS FROM TENANTS AND OCCUPIERS**

If an amount due for rates levied in respect of a property is unpaid by the owner of the property after the date determined for payment by the municipality, the municipality may recover the amount in whole or in part from a tenant or occupier of the property, despite any contractual obligation to the contrary on the tenant or occupier. The municipality may recover an amount only after it has served a written notice on such tenant or occupier.

The amount that the municipality may recover from the tenant or occupier is limited to the amount of the rent or other money due or payable, but not yet paid, by such tenant or occupier to the owner of the property.

#### **SECTION 29: RECOVERY OF RATES FROM AGENTS**

A municipality may recover the amount due for rates on a property in whole or in part from the agent of the owner, if this is more convenient for the municipality, but only after the municipality has served a written notice on the agent in this regard.

The amount that the municipality may recover from the agent is limited to the amount of any rent or other money received by the agent on behalf of the owner, less any commission due to the agent.

#### **SECTION 30: GENERAL VALUATION AND PREPARATION OF VALUATION ROLLS**

A municipality intending to levy a rate on property must cause a general valuation to be made of all properties in the municipality, and must prepare a valuation roll of all properties in terms of such valuation.

All rateable properties in a municipal area must be valued during such general valuation, including all properties fully or partially excluded from rates in terms of Section 17 of the present Act. However, if the municipality does not intend to levy rates on its own property, on public service infrastructure owned by a municipal entity, on rights in properties, and on properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racial discrimination, the municipality is not obliged to value such properties as part of the valuation process.

A municipality may also apply to the Minister for exemption from the obligation to value properties excluded from rates in terms of Section 17 if the municipality can demonstrate that the valuation of such properties is too onerous for it, given its financial and administrative capacity.

Properties which have not been valued, because of any of the foregoing considerations, must nevertheless be included in the valuation roll.

### **SECTION 31: DATE OF VALUATION**

For the purposes of a general valuation a municipality must determine a date that may be not more than 12 months before the start of the financial year in which the valuation roll is to be first implemented.

The general valuation must reflect the market values of properties in accordance with market conditions which apply as at the date of the valuation, and in accordance with any other applicable provisions of the present Act.

### **SECTION 32: COMMENCEMENT AND PERIOD OF VALIDITY OF VALUATION ROLLS**

A valuation roll takes effect from the start of the financial year following completion of the public inspection period required by the present Act, and remains valid for that financial year or for one or more subsequent financial years, as the municipality may decide, but in total not for more than four financial years.

Section 32(2) provides for the extension of the period of validity of the valuation roll by the MEC for Local Government, but only up to a period of five financial years, and only in specified circumstances.



**SECTION 46: GENERAL BASIS OF VALUATION**

The market value of a property is the amount the property would have realised if sold on the date of valuation in the open market by a willing seller to a willing buyer.

**SECTION 47: VALUATION OF PROPERTY IN SECTIONAL TITLE SCHEMES**

When valuing a property which is subject to a sectional title scheme, the valuer must determine the market value of each sectional title unit in the scheme.

**SECTION 77: GENERAL**

A municipality must regularly, but at least once a year, update its valuation roll by causing a supplementary valuation roll to be prepared, or the valuation roll itself to be amended.

**VENTERSDORP LOCAL  
MUNICIPALITY**



# **SUBSISTENCE AND TRAVELLING POLICY**

## **VENTERSDORP LOCAL MUNICIPALITY SUBSISTENCE AND TRAVELLING POLICY TABLE OF CONTENTS**

### **PART 1 OBJECTIVES OF POLICY**

PART2	SCOPE OF POLICY
PART3	SUBSISTENCE AND TRAVELLING ALLOWANCE
PART4	REQUIREMENTS FOR PAYMENT OF SUBSISTENCE AND TRAVELLING ALLOWANCE TO REPRESENTATIVES
PART5	SUSBSISTENCE ALLOWANCE
PART6	TRAVELLING ALLOWANCE
PART7	OTHER TRAVELLING COSTS
PART8	SUBSISTENCE AND TRAVELLING ALLOWANCE FOR PERSONS INVITED FOR INTERVIEW
PART9	AUTHORISATION
PART10	REVIEW OF POLICY

**PART 1: OBJECTIVES OF POLICY**

The objectives of the Subsistence and Travelling (S&T) Policy are

- To clearly define the subsistence and Travelling expenses that may be claimed by a representative of the Ventersdorp Local Municipality,
- To set out the conditions and authorisation required,
- To control the utilisation of the approved budget for subsistence and travelling.

**PART 2: SCOPE OF POLICY**

The Policy applies to representatives of the Municipality. For the purpose of the subsistence and travelling policy, a representative of the Ventersdorp Local Municipality shall mean

- Mayor
- Other Councillors authorised to represent the municipality in any official business
- Municipal Manager
- Directors/Heads of Department
- Any official specifically authorised to represent the municipality in any official business
- Any official permitted/authorised to attend a meeting/conference/seminar of a recognised professional institution.

### **PART 3: SUBSISTENCE AND TRAVELLING ALLOWANCE**

Subsistence and travelling allowance is an amount of money paid by the municipality to a representative to cover certain expenses incurred during all travel. Local and foreign, in the performance of official business of the municipality. The subsistence and travelling allowances covers the following expenses:

- Meals (including reasonable gratuities)
- Incidental expenses such as snacks, drinks, refreshment and
- All business related travel

### **PART 4: REQUIREMENTS FOR PAYMENT OF SUBSISTENCE AND TRAVELLING ALLOWANCE TO REPRESENTATIVES**

The following condition must be satisfied before the municipality pays subsistence and travelling allowance to a representative:

- The travel must be authorised by a responsible official before it is undertaken
- Application/claim for subsistence and travelling allowance must be supported by original proof of the expenditure
- Application/claim for subsistence and travelling allowance must be made timeously within three (3) days after the travel.

### **PART 5: SUBSISTENCE ALLOWANCE**

#### **a. Local Travel**

Local travel refers to travel within the borders of South Africa without changing one's permanent residential address/usual place of residence.

The Municipality shall pay subsistence allowance to a representative for approved local travel as follows:

- R65.00 per day or part thereof, with no overnight stay, to defray incidental expenses

- R208.00 per day or part thereof, with overnight stay, to defray meals and incidental expenses R178.00 per day or part thereof, with overnight stay, to defray meals and incidental expenses, if accommodation is on Bed and Breakfast basis.

**b. Foreign Travel**

Foreign travel refers to travel outside the borders of South Africa without changing one's permanent residential address/usual place of residence.

The Municipality shall pay subsistence allowance to a representative for approved foreign travel as follows:

- Equivalent of US\$200 per day or part thereof to defray meals and incidental expenses in respect on the first 6 weeks/42 days
- Thereafter, equivalent of US\$75 per day or part thereof.

**PART 6: TRAVELLING ALLOWANCE**

**a. Use of Private Motor Vehicle**

The Municipality shall reimburse a representative in respect of the use of his/her own private motor vehicle at the relevant "AA" rates.

**b. Use of Council Motor Vehicle**

If an official/council vehicle is provided for an approved business travel, the Municipality shall reimburse the representative with the actual petrol, oil and other relevant running costs of the official/council vehicle.

**c. Use of Subsidised motor Scheme Vehicle**

The Municipality shall reimburse a representative who uses his/her Subsidized Motor Scheme vehicle for approved business travel in accordance with tariffs prescribed by the Department of Transport from time to time.

**d. Parking/Toll fees**

The Municipality shall reimburse a representative with the actual parking/toll fee.

**PART 7: OTHER TRAVELLING COSTS**

**a. Accommodation**

A representative who undertakes approved local or foreign travel is entitled to stay in a hotel, motel, guest house or bed & breakfast facility if he/she is to stay overnight.

The Municipality shall pay the actual accommodation cost, based on valid quotation for a single room, to the beneficiary.

If the representative stays in a friend's or relative's home, he/she is not entitled to accommodation allowance but the municipality shall pay a subsistence allowance of R208.00 to the representative.

**b. Air/Train/Luxury Bus**

Only economy class shall be utilised for approved air travel unless where economy class is not available and there is time constraint, business class be utilised with the prior authorisation by the Municipal Manager.

First class train travel shall be used.

The Municipality shall pay Air/Train/Luxury Bus fares to the beneficiary.

**c. Car Hire**

Only economy vehicle shall be hired unless it is more cost-effective to hire more expensive vehicle; for example, where the number of representatives justifies the hiring of a micro bus.

Prior authorisation for car hire must be obtained.

The Municipality shall pay the actual cost of car hire for official business to the car hiring company.

Cost of private trips in excess of the free kilometres/day as provided by the car hiring company, traffic fines and charges for late return of hired vehicle shall be for the account of the representative.

A representative found to be at fault in a case of accident whilst using the hired vehicle shall be personally liable for any cost arising from the accident.

**d. Insurance**

The Municipality shall pay insurance costs at R12.00 per day for standard benefits and R12.00 per day for optional benefits per representative for foreign travel.

**e. Passport and Visa**

The Municipality shall pay all expenses for procuring valid passport and visa for foreign travel.

**PART 8: SUBSISTENCE AND TRAVELLING ALLOWANCE FOR PERSONS INVITED FOR INTERVIEW**

No subsistence allowance shall be paid to any candidate invited for an interview by the Municipality. Reimbursement of travelling expenses to such candidates shall be based on the "AA" rates.

**PART 9: AUTHORISATION**

For purpose of implementing the Subsistence and Travelling Policy, the following levels of authorisation of travel shall apply:

- The Municipal Manager shall authorise any travel to be undertaken by departmental heads and other officials

- The Mayor shall authorise any travel to be undertaken by any Councillor and the Municipal Manager
- The Municipal Manager shall authorise any travel to be undertaken by the Mayor.

**PART 10: REVIEW OF POLICY**

Subsistence and Travelling Policy shall be reviewed annually during consideration of the budget.

# VENTERSDORP

## LOCAL MUNICIPALITY



# **MUNICIPAL SUPPLY CHAIN MANAGEMENT POLICY**

1<sup>st</sup> revision: 28 April 2009

## **OBJECTIVE OF THE SUPPLY CHAIN MANAGEMENT POLICY**

The objective of this policy is to provide a policy framework within which the accounting officer and chief financial officer can institute and maintain a supply chain management system which is transparent, efficient, equitable, competitive, which ensures best value for money for the municipality, applies the highest possible ethical standards, and promotes local economic development.

The aim of this policy is to transform the outdated procurement and provisioning practises into an integrated SCM function and to ensure that SCM forms an integral part of the financial management system of the Ventersdorp Local Municipality. This policy further aims to promote consistency in respect of supply chain management policy and other related policy initiatives in Government as well as aligning with global trends and ensure that South Africa adheres to international best practices.

By adopting this policy the council further pledges itself and the municipal administration, to the full support of the Proudly SA campaign and to the observance of all applicable national legislation, including specifically the:



- Preferential Procurement Policy Framework Act No. 5 of 2000 and its regulations;
- Broad Based Black Economic Empowerment Act No. 53 of 2003 and any applicable code of practice promulgated in terms of that Act; and
- Municipal Finance Management Act No. 56 of 2003, including the regulations relating to the prescribed framework for supply chain management.
- The Construction Industry Development Board Act No. 38 of 2000 and its regulations.

## TABLE OF CONTENTS

1. Definitions

### CHAPTER 1

#### IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

2. Supply chain management policy
3. Amendment of supply chain management policy
4. Delegation of supply chain management powers and duties
5. Sub delegations
6. Oversight role of council
7. Supply chain management units
8. Training of supply chain management officials

### CHAPTER 2

#### SUPPLY CHAIN MANAGEMENT SYSTEM

9. Format of supply chain management system

#### Part 1: Demand management

10. System of demand management

#### Part 2: Acquisition management

11. System of acquisition management

12. Range of procurement processes
13. General preconditions for consideration of written quotations or bids
14. Lists of accredited prospective providers
15. Petty cash purchases
16. Written or verbal quotations
17. Formal written price quotations
18. Procedures for procuring goods or services through written or verbal Quotations and formal written price quotations
19. Competitive bidding process
20. Process for competitive bidding
21. Bid documentation for competitive bids
22. Public invitation for competitive bids
23. Procedure for handling, opening and recording of bids
24. Negotiations with preferred bidders
25. Two-stage bidding process
26. Committee system for competitive bids
27. Bid specification committees
28. Bid evaluation committees

- 29. Bid adjudication committees
- 30. Procurement of banking services
- 31. Procurement of IT related goods or services
- 32. Procurement of goods and services under contracts secured by other organs of state
- 33. Procurement of goods necessitating special safety arrangements
- 34. Proudly SA Campaign
- 35. Appointment of consultants
- 36. Deviation from, and ratification of minor breaches of, procurement processes
- 37. Unsolicited bids
- 38. Combating of abuse of supply chain management system

Part 3: Logistics, Disposal, Risk and Performance Management

- 39. Logistics management
- 40. Disposal management
- 41. Risk management
- 42. Performance management

Part 4: Other matters

- 43. Prohibition on awards to persons whose tax matters are not in order
- 44. Prohibition on awards to persons in the service of the state
- 45. Awards to close family members of persons in the service of the state
- 46. Ethical standards
- 47. Inducements, rewards, gifts and favours
- 48. Sponsorships
- 49. Objections and complaints
- 50. Resolution of disputes, objections, complaints and queries
- 51. Contracts providing for compensation based on turnover
- 52. Unbundling strategies
- 53. Increasing employment opportunities
- 54. Sureties for Due performance
- 55. Retention
- 56. Payment terms
- 57. Commencement

## **ANNEXURES**

ANNEXURE: A    POLICY AND PROCEDURES FOR HANDLING OF PETTY CASH

**ANNEXURE: B    NATIONAL TREASURY - GENERAL CONDITIONS OF CONTRACT**

ANNEXURE: C    SUMMARY OF PREFERENTIAL PROCUREMENT REQUIREMENTS

ANNEXURE: D    EXTRACTS FROM LOCAL GOVERNMENT: MUNICIPAL FINANCE  
MANAGEMENT ACT NO. 56 OF 2003 (MFMA) .

**ANNEXURE: E    NATIONAL TREASURY - CODE OF CONDUCT FOR SUPPLY CHAIN  
MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS**

### Definitions

1. In this Policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –  
“competitive bidding process” means a competitive bidding process referred to in paragraph 12(1) of this Policy;

“competitive bid” means a bid in terms of a competitive bidding process;

“Council” means the elected Council of the Ventersdorp Local Municipality;

**“emergency” An emergency is considered an unforeseeable and sudden event with materially harmful or potentially materially harmful consequences for the municipality which requires urgent action to address.**

**“final award”, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;**

“formal written price quotation” means three quotations for procurement above R 10,000 and must be advertised. Refer to paragraph 12(1) and 18(b) of this Policy;

“in the service of the state” means to be –

(a) a member of –

(i) any municipal council;

(ii) any provincial legislature; or

(iii) the National Assembly or the National Council of Provinces;

(b) a member of the board of directors of any municipal entity;

(c) an official of any municipality or municipal entity;

(d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);

(e) a member of the accounting authority of any national or provincial public entity; or

(f) an employee of Parliament or a provincial legislature;

“long term contract” means a contract with a duration period exceeding one year;

“list of accredited prospective providers” means the list of accredited prospective providers which the Ventersdorp Local Municipality must keep in terms of paragraph 14 of this policy;

“manager” an official directly accountable to the chief financial officer or a senior manager (par.5(2)(c)(iii));

“other applicable legislation” means any other legislation applicable to municipal supply chain management, including –

(a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);

(b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and

(c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

“senior manager” means a manager referred to in section 56 of the Municipal Systems Act and who is directly accountable to the accounting officer (Executive Director);

“Treasury guidelines” means any guidelines on supply chain management issued by the Minister in terms of section 168 of the Act;

“the Act” means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

“the Regulations” means the Local Government: Municipal Finance Management Act, 2003, Municipal Supply Chain Management Regulations published by Government Notice 868 of 2005;

“written quotations” means three quotations for procurement of R 2,000 and above but not exceeding R 10,000 as referred to in paragraph 12(1) & 16(a) of this Policy.

## CHAPTER 1

### IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

#### Supply chain management policy

2. (1) All officials and other role players in the supply chain management system of the Ventersdorp Local Municipality must implement this Policy in a way that –
  - (a) gives effect to –
    - (i) Section 217 of the Constitution; and
    - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
  - (b) is fair, equitable, transparent, competitive and cost effective;
  - (c) Complies with –
    - (i) The Regulations; and
    - (ii) Any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
  - (d) is consistent with other applicable legislation;
  - (e) Does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
  - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (2) This Policy applies when the Ventersdorp Local Municipality –
  - (a) procures goods or services;
  - (b) Disposes goods no longer needed;
  - (c) Selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or



- (d) Selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.
- (3) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –
  - (a) Water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
  - (b) Electricity from Eskom or another public entity, another municipality or a municipal entity.
- 3. (1) The accounting officer must –
  - (a) At least annually review the implementation of this Policy; and
  - (b) When the accounting officer considers it necessary, submit proposals for the amendment of this Policy to the Ventersdorp Local Municipality
- (2) If the accounting officer submits proposed amendments to the Ventersdorp Local Municipality that differs from the model policy issued by the National Treasury, the accounting officer must –
  - (a) Ensure that such proposed amendments comply with the Regulations; and
  - (b) Report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
- (3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

Delegation of supply chain management powers and duties

- 4. (1) The Council hereby delegate such additional powers and duties to the accounting officer so as to enable the accounting officer –
  - (a) To discharge the supply chain management responsibilities conferred on accounting officers in terms of –
    - (i) Chapter 8 of the Act; and
    - (ii) This Policy;
  - (b) To maximise administrative and operational efficiency in the implementation of this Policy;

- (c) To enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and
  - (d) To comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (2) The Council hereby specifically delegates to the following Officials the power to make a final award, not exceeding the amount of R 200, 000-00 (VAT included) provided that at least three (3) of the Officials, but not more than one (1) per Department, jointly makes the award: –
  - (a) Chief Financial Officer;
  - (b) Executive Managers;
- (3) The Council hereby specifically delegate the power to make a final award - not exceeding the following amounts (VAT included);
  - (a) R 25,000-00 to the Chief Financial Officer;
  - (b) R 2,000-00 to the Procurement Manager;
- (4) Sections 79 of the Act apply to the sub delegation of powers and duties delegated to an accounting officer in terms of subparagraph (1).
- (5) The accounting officer may not sub delegate any supply chain management powers or duties to a person who is not an official of Ventersdorp Local Municipality or to a committee which is not exclusively composed of officials of the Ventersdorp Local Municipality;
- (6) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

#### Sub delegations

- 5. (1) The accounting officer may in terms of section 79 of the Act sub delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub delegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.

(2) The power to make a final award –

(a) Above R10 million (VAT included) may not be sub delegated by the accounting officer;

(b) Above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub delegated but only to –

(i) The Chief Financial Officer;

(ii) A Executive Manager; or

(iii) A bid adjudication committee of which the chief financial officer or a senior manager is a member.

(c) Not exceeding R2 million (VAT included) may be sub delegated but only to – (i) The Chief Financial Officer;

(ii) A Executive Manager; or

(iii) A bid adjudication committee.

(3) An official or bid adjudication committee to which the power to make final awards has been sub delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph (4) a written report containing particulars of each final award made by such official or committee during that month, including–

(a) The amount of the award;

(b) The name of the person to whom the award was made; and

(c) The reason why the award was made to that person.

(4) A written report referred to in subparagraph (3) must be submitted –

(a) To the accounting officer, in the case of an award by –

(i) The Chief Financial Officer;

(ii) A Executive Manager; or

(iii) A bid adjudication committee of which the chief financial officer or a senior manager is a member; or

(b) To the Chief Financial Officer or the senior manager responsible for the relevant bid, in the case of an award by –

- (i) A Executive Manager; referred to in subparagraph (2) (c) (ii); or
  - (ii) A bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- (5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.
- (6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.
- (7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

#### Oversight role of council

- 6.
  - (1) The Ventersdorp Council reserves its right to maintain an oversight role over the implementation of this Policy.
  - (2) For the purposes of such oversight the accounting officer must –
    - (a) (i) Within 30 days of the end of each financial year, submit a report on the implementation of this Policy to the council of the municipality; and
    - (ii) Whenever there are serious and material problems in the implementation of this Policy, immediately submit a report to the council.
  - (3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the council.
  - (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

#### Supply chain management unit

- 7.
  - (1) A supply chain management unit is hereby established to implement this Policy.

(2) The supply chain management unit operates under the Chief Financial Officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

(3) The procurement section is responsible for the co-ordination and oversight of the supply chain management function. It is headed by a Procurement Manager

#### Training of supply chain management officials

8. The training of officials involved in implementing this Policy should be in accordance with any Treasury guidelines on supply chain management training.

## CHAPTER 2

### SUPPLY CHAIN MANAGEMENT SYSTEM

#### Format of supply chain management system

9. This Policy provides systems for –
- (i) Demand management;
  - (ii) Acquisition management;
  - (iii) Logistics management;
  - (iv) Disposal management;
  - (v) Risk management; and
  - (vi) Performance management.

#### **1..3.1.1.1.1.1.1**

#### **1..3.1.1.1.1.1.2 Part 1: Demand management**

#### System of demand management

10. An effective system of demand management will be achieved through the successful implementation of the strategic operational commitments of the municipality, as identified in the Integrated Development Plan (IDP). Council's Performance Management System (PMS) must give the necessary support to ensure that the resources required to support the strategic and operational commitments of the municipality are delivered at the correct time, at the right price and at the right location, and that the quantity and quality satisfy the needs of the municipality or municipal entity.

#### Part 2: Acquisition management

1.3.2 System of acquisition management

- 1.3.311. (1) This policy provides for an effective system of acquisition management to ensure that –
- (a) Goods and services are procured by the Ventersdorp Local Municipality in accordance with authorised processes only;
  - (b) Expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
  - (c) The threshold values for the different procurement processes are complied with;
  - (d) Bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
  - (e) Any Treasury guidelines on acquisition management are properly taken into account.
- (2) This Policy, except where provided otherwise in the Policy, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –
- (a) Water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
  - (b) Electricity from Eskom or another public entity, another municipality or a municipal entity.
- (3) When procuring goods or services through another organ of state as contemplated in section 110(2) of the Act, the municipality must make public the fact that such goods or services are procured otherwise than through the Ventersdorp Local Municipality supply chain management system, including –
- (a) The kind of goods or services; and
  - (b) The name of the supplier.
- (4) All requests for the procurement of goods and services shall be submitted to the Procurement Manager within the Chief Financial Officers Department and must be:
- (a) In writing, clearly specifying the nature and quantity/duration of the goods and services required. Preparation of specifications aimed at procuring goods or

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

services of specific suppliers and brand names should be avoided.

- (b) Certified by a senior official or person with delegated authority in the Chief Financial Officers Department, that:-
- (i) There is sufficient provision in the relevant budget for the procurement;
  - (ii) The correct vote was used.
- (5) If the procurement is for a capital project, Section 19 of the MFMA regarding budgeting and costing of capital projects must also be complied with.
- (6) Where the procurement will have budgetary implications for future years (depreciation; contracts longer than one year, etc.), Section 33 of the MFMA regarding contracts must be complied with.

### Range of procurement processes

12. (1) Goods and services may only be procured by way of –

Value of purchase (VAT Inclusive)	Ventersdorp Local Municipality  RANGE OF PROCUREMENT PROCESSES	Delegated authority
0 – R 2,000	Petty Cash (Refer to Policy: ANNEXURE “A”)	CFO
0 – R 500	Petty Cash (Refer to Policy: ANNEXURE “A”)	As per sub CFO delegation
R 0 – R 2,000	Direct purchases – no quotations needed (Order to be obtained & Invoice to be submitted)	Procurement Manager
R 2,001 up to R 10,000	Three verbal/written quotations	CFO
R 10,001 up to R 25,000	Three formal written price quotations	CFO
R 25,001 up to R 200,000	Three formal written price quotations and;  (i) complying with the PPPFA; ( Specifically reg.16 - TAX Clearance for amounts above R30,000 - Treasury circular No:29 of 31 January 2006 ) and;  (ii) suppliers to be used on a rotational basis; and  (iii) Advertised for 7 (seven) days on notice boards	Any three (3) but not more than one (1) per  Department:  Executive Managers

	and website of council.	
R 200,001 up to R 10 million	<p>A competitive bidding process:-</p> <p>(i) advertised for 14 (fourteen) days on notice boards and website of council; and</p> <p>(ii) Advertised for 14 (fourteen) days in news-papers commonly circulating locally but not limited thereto.</p>	<p>Bid Adjudication Committee</p>
Above R 10 million and Long term Contracts.	<p>A competitive bidding process:-</p> <p>(i) advertised for 30 (thirty) days on notice boards and website of council; and</p> <p>(ii) Advertised for 30 (thirty) days in newspapers commonly circulating locally but not limited thereto.</p>	<p>Accounting Officer and Bid Adjudication Committee for Long term contracts up to R 10 million</p>

- (2) **The accounting officer may, in writing, lower but not increase, the different threshold values in subparagraph (1) as specified in regulation 12 (1).**
- (3) **Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.**
- (4) **Transferring of municipal funds to an organisation or body outside any sphere of government otherwise than in compliance with a commercial or other business transaction must comply with Sec.67 of the MFMA (Act No.56 of 2003) and be in accordance with Council's Community Support Policy. In terms of Sec.67 (4) Council determines a prescribed limit of R 5, 000-00**

General preconditions for consideration of written quotations or bids



13. A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –
- (a) Has furnished that provider's –
    - (i) Full name and address;
    - (ii) Identification number or company- or other registration number; and
    - (iii) Tax reference number and VAT registration number, if any;
  - (b) Has authorised the Ventersdorp Local Municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
  - (c) Has indicated –
    - (i) Whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
    - (ii) If the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
    - (iii) Whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

Lists of accredited prospective providers

14. **(1) The accounting officer must –**
- (a) Keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements through written quotations and formal written price quotations; and**
  - (b) At least once a year through newspapers commonly circulating locally, but not limited thereto, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;**

**(c) Specify the listing criteria for accredited prospective providers; and**

- (d) Disallow the listing of any prospective provider whose name appears on the National Treasury's database as a person prohibited from doing business with the public sector.
- (2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services. Prospective providers must be allowed to submit applications for listing at any time.
- (3) The list should be used to promote participation of Black-owned Small, Medium and Micro Enterprises (SMMEs). The prescripts of the Preferential Procurement Policy Framework Act, Act No.5 of 2000 will be applied for procurement requirements above R30 000 (and with a lesser value where appropriate).
- (4) Once a list has been compiled per commodity and per type of service, price quotations will be invited from the suppliers in a manner that promotes ongoing competition, including on a rotation basis, up to R 30,000 to be prepared by the Procurement Manager and approved by the Chief Financial Officer on an annual basis.
- (5) The inclusion of any supplier in the database of suppliers does not exempt the supplier from the obligation to respond in the prescribed manner to notices of the municipality's supply chain management requirements.
- (6) Suppliers who wish to be included in the list of accredited suppliers without waiting for the next invitation may approach the Procurement Section for inclusion, provided that they supply the necessary documentation and information for evaluation. Once these requirements have been satisfied, the Procurement Section will ensure that the prospective supplier is evaluated and will provide a response as to approval or not within 14 days. Prospective suppliers will not be eligible to provide quotations until they have been approved as an accredited supplier, except where the prospective supplier provides a type of commodity or service for which no supplier is available from the list of accredited suppliers.

(7) The list must be compiled per commodity and per type of service.

Petty cash purchases

15. Where there is a need to purchase any goods or services using a petty cash system, which involves an amount of less than or equal to R500 the Procedures and Guidelines for Petty Cash Purchases as contained in ANNEXURE "A" must be adhered to.

Written or verbal quotations

16. (1) The procedure for the procurement of goods or services through written or verbal quotations is as follows:
- (a) Quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the Ventersdorp Local Municipality, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria set out in paragraph 14(1) (b) and (c) of this Policy;
  - (b) If it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer and;
  - (c) The names of the potential providers requested to provide such quotations, with their quoted prices, must be recorded.
- (2) A designated official referred to in subparagraph (1) (b) must within five days of the end of each month report to the Chief Financial Officer on any approvals given during that month by that official in terms of that subparagraph.

Formal written price quotations

17. (1) The conditions for the procurement of goods or services through formal written price quotations are as follows:
- (a) Quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the Ventersdorp Local Municipality. All quotations must be inclusive of carriage/freight costs.

- (b) Quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria set out in paragraph 14(1) (b) and (c) of this Policy;
  - (c) If it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the Chief Financial Officer or an official designated by the Chief Financial Officer, and
  - (d) The procurement officer must record the names of the potential providers and their written quotations.
- (2) A designated official referred to in subparagraph (1) (c) must within five days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

Procedures for procuring goods or services through written quotations and formal written price quotations

18. (1) The procedure for the procurement of goods or services through written quotations or formal written price quotations is as follows:
- (a) When using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers by inviting providers to submit quotations on a rotation basis;
  - (b) All requirements in excess of R30,000 (VAT included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the Ventersdorp Local Municipality;
  - (c) Offers received must be evaluated on a comparative basis taking into account unconditional discounts;
  - (d) The accounting officer or Chief Financial Officer must on a monthly basis be notified in writing of all written quotations and formal written price quotations accepted by an official acting in terms of a sub delegation;
  - (e) Offers below R30, 000 (VAT included) must be awarded based on compliance to specifications and conditions of contract, ability and capability to deliver the goods and services and lowest price;
  - (f) Acceptable offers, which are subject to the preference points system (PPPFA and associated regulations), must be awarded to the bidder who scored the highest points;

- (g) The accounting officer must take all reasonable steps to ensure that the procurement of goods and services through written quotations or formal written price quotations is not abused.
  - (h) The supply chain management unit is responsible for proper record keeping.
- (2) Notwithstanding the above requirements for consideration, quotations not to specification may not be accepted.
- (3) All quotations above the value of R 2,001 and up to R 10,000 shall be adjudicated by the procurement manager or his approved delegate,
- (4) Only quotations complying with the specifications will be considered to be accepted, provided that there are sufficient funds within the appropriate budget.
- (5) Where no quotation complies with the specification, as determined by the procurement manager, the manager must recall for quotations.
- (6) Where the relevant procurement manager has a direct or indirect interest in the procurement requirements, another senior manager must adjudicate in the manner specified above. An interest is where the relevant procurement manager has direct or indirect personal advantage in the specific procurement of goods or services.

#### Competitive bids

19. (1) Goods or services above a transaction value of R200,000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy.
- (2) The bid documentation will be prepared by the relevant department in consultation with the Procurement Manager and be displayed on notice boards, placed on the council's website, and advertised in commonly circulated local newspapers, but not limited thereto, with a closing date of at least 14 days after the date that the advertisement first appears.
- (3) No requirement for goods or services above an estimated transaction value of R200,000 (VAT included), may deliberately be split into parts or items of lesser

value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

#### Process for competitive bidding

20. The procedures for the stages of a competitive bidding process are as follows:

- (a) Compilation of bidding documentation as detailed in paragraph 21;
- (b) Public invitation of bids as detailed in paragraph 22;
- (c) Site meetings or briefing sessions as detailed in paragraph 22;
- (d) Handling of bids submitted in response to public invitation as detailed in paragraph 23;
- (e) Evaluation of bids as detailed in paragraph 28;
- (f) Award of contracts as detailed in paragraph 29;
- (g) Administration of contracts
  - (i) After approval of a bid, the accounting officer and the bidder must enter into a written agreement.
- (h) Proper record keeping
  - (i) Original / legal copies of written contract agreements should be kept in a secure place for reference purposes.

#### Bid documentation for competitive bids

**21. The criteria to which bid documentation for a competitive bidding process must comply, must –**

- (a) Take into account –
  - (i) The general conditions of contract (ANNEXURE “B”) and any special conditions of contract, if specified;
  - (ii) Any Treasury guidelines on bid documentation; and
  - (iii) The requirements of the Construction Industry Development Board, in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;

- (b) Include the preference points system to be used, goals as contemplated in the Preferential Procurement Regulations and evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) Include evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (d) Compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (e) If the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish—
  - (i) If the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
    - (aa) for the past three years; or
    - (bb) since their establishment if established during the past three years;
  - (ii) A certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
  - (iii) Particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
  - (iv) A statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality is expected to be transferred out of the Republic; and
- (f) Stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.
- (g) A requirement to supply tax references, tax clearance certificates, VAT registration numbers and identification or registration numbers;
- (h) Details of any contracts above R200, 000 carried out on behalf of the municipality within the last five years;

- (i) A contract management processes and procedures including provision for the Accounting Officer to cancel the contract on the grounds of unsatisfactory performance;
- (j) Any other matters as required by the MFMA and the Supply Chain Management Regulations;
- (k) Performance guarantees and retention.

**Public invitation for competitive bids**

**22. (1) The procedure for the invitation of competitive bids is as follows:**

- (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, but not limited thereto, the website of the Ventersdorp Local Municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and**
  - (b) The information contained in a public advertisement, must include –**
    - (i) The closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2);**
    - (ii) A statement that bids may only be submitted on the bid documentation provided by the Ventersdorp Local Municipality; and**
    - (ii) Date, time and venue of any proposed site meetings or briefing sessions.**
- (2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) Bids submitted must be sealed.



- (4) For a bid to be considered it must comply with all the requirements of the bid documentation and be placed in the official tender box of the Ventersdorp Local Municipality.
- (5) The council may charge a non-refundable deposit for provision of bid documents. This is subject to annual review. Values of the deposits will be determined annually and included in the official lists of tariffs.
- (6) The Chief Financial Officer or an delegated official will ensure that tender boxes are sealed until the time of their official opening, and ensure that they are properly secured.
- (7) At the advertised time, the tender box will be unlocked and opened by three officials – one from the Chief Financial Officers Department and one from Corporate Services and, where possible, an officer from the relevant Department for which the bid is being made. This will be done in public i.e. in the presence of the bidders or other interested parties. A Supply Chain Management official will open bid documents (usually in the council chamber or committee room) in the presence of an officer from Corporate Services, the relevant Department, and any other interested parties. The tender box can be opened without any members of public being present provided that the appropriate procedure for advertising the time and venue has been followed. Unmarked or incorrectly marked tenders will not be opened.
- (8) The names and total bid amounts will be read out and recorded in the tender register, which will be available for public inspection on request. A copy of the record must be kept in the Procurement Manager's office and the original must be retained by Corporate Services in Council's official filing system. In instances of bulk tender amounts that are too time-consuming to read out, only those requested by bidders will be read, and a complete schedule provided as soon as is practical. Bid results will be published on the municipality's web site.
- (9) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

#### Procedure for handling, opening and recording of bids

23. The procedures for the handling, opening and recording of bids, are as follows:

- (a) Bids–

- (i) Must be opened only in public;
  - (ii) Must be opened at the same time and as soon as possible after the period for the submission of bids has expired; and
  - (iii) Received after the closing time will not be considered and returned unopened immediately.
- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price;
- (c) No information, except the provisions in subparagraph (b), relating to the bid should be disclosed to bidders or other persons until the successful bidder is notified of the award; and
- (d) The accounting officer must –
  - (i) Record in a register all bids received in time;
  - (ii) Make the register available for public inspection; and
  - (iii) Publish the entries in the register and the bid results on the website.

#### Negotiations with preferred bidders

24. (1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation –
- (a) Does not allow any preferred bidder a second or unfair opportunity;
  - (b) Is not to the detriment of any other bidder; and
  - (c) Does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

#### Two-stage bidding process

25. (1) A two-stage bidding process is allowed for –
- (a) Large complex projects;
  - (b) Projects where it may be undesirable to prepare complete detailed technical specifications; or
  - (c) Long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.

- (3) In the second stage final technical proposals and priced bids should be invited.

**Committee system for competitive bids**

26. (1) A committee system for competitive bids is hereby established, consisting of the following committees for each procurement or cluster of procurements as the accounting officer may determine:
- (a) A bid specification committee;
  - (b) A bid evaluation committee; and
  - (c) A bid adjudication committee;
- (2) The accounting officer appoints the members of each committee, taking into account section 117 of the Act; and
- (3) A neutral or independent observer, appointed by the accounting officer, must attend or oversee a committee when this is appropriate for ensuring fairness and promoting transparency.
- (4) The committee system must be consistent with –
- (a) Paragraph 27, 28 and 29 of this Policy; and
  - (b) Any other applicable legislation.
- (5) The accounting officer may apply the committee system to formal written price quotations.

**Bid specification committees**

27. (1) A bid specification committee must compile the specifications for each procurement of goods or services by the Ventersdorp Local Municipality.
- (2) Specifications –
- (a) Must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
  - (b) Must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;

- (c) Must, where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;**
  - (d) May not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
  - (e) May not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the word “equivalent”;
  - (f) Must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
  - (g) Must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this Policy.
- (3) The bid specification committee must be composed of the following members:
- Standing members
- Two members from within the relevant department;
- Other members
- Professionals with required technical expertise from the department for whom the goods or services are to be procured, as may be required for each committee meeting
  - External specialists (consulting engineers, architects, etc.) as deemed necessary, provided that no person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.
  - Statutory compliance officer of the Ventersdorp Local Municipality.
- (4) The quorum for each meeting of the specification committee is two standing members.
- (5) A member of the specification committee can also be a member of either the bid evaluation or bid adjudication committee, but not both committees, that considers any

of the bids for the same goods or services

- (6) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.
- (7) The specifications must be approved by the Accounting Officer, or the official delegated by the Accounting Officer, prior to advertisement of the bid. In the absence of the Accounting Officer this may be delegated to the Acting Accounting officer or the Chief Financial Officer.

#### **Bid evaluation committees**

#### **28. (1) A bid evaluation committee must –**

- (a) Evaluate bids in accordance with –**
    - (i) the specifications for a specific procurement;**
    - (ii) Compliant with requirements of the Supply Chain Management Framework including the supplier being up to date with all fees and charges due to the municipality;**
    - (iii) In accordance with the best value for money to the municipality; and**
    - (iv) The points system set out in terms of paragraph 27(2) (f).**
  - (b) Evaluate each bidder's ability to execute the contract and consider the prescripts of the Broad-Based Black Economic Empowerment Act.;**
  - (c) Check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;**
  - (d) Submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.**
- (2) The bid evaluation committee must as far as possible be composed of –
- Standing members;
- Two officials from the relevant department requiring the goods or services;
  - At least one supply chain management practitioner.

Other members;

- One technical expert, consultant or advisor, provided that these experts can only actively contribute to discussions, and not vote on the items evaluated.
  - Statutory compliance officer of the Ventersdorp Local Municipality.
- (3) The chairmanship of the bid evaluation committee is to be rotated as agreed by the standing members.
- (4) The quorum for each meeting of the bid evaluation committee is two standing members, provided that one is the supply chain management practitioner.
- (5) Members cannot serve on any adjudication committee (s) that adjudicates on any of the same items that they have considered on the evaluation committee(s).
- (6) Notwithstanding the above requirements for consideration, bids not to specification may not be accepted and the evaluation committee must recall for tenders.
- (7) All bid documents must be submitted before closure of tender.

#### **Bid adjudication committees**

**29. (1) A bid adjudication committee must –**

**(a) Consider the report and recommendations of the bid evaluation committee; and**

**(b) Either –**

- (i) Depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or**
- (ii) Make another recommendation to the accounting officer how to proceed with the relevant procurement.**

(2) The committee shall be composed of the following members:

Standing members;

- The Chief Financial Officer or, if the he/she is not available, another official in the Chief Financial Officers office reporting directly to the Chief Financial Officer and designated by the Chief Financial Officer;
- At least one senior supply chain management practitioner who is an official of the municipality;
- Chief Financial Officer;
- Executive Manager Corporate Services;
- Executive Manager Community Services;
- Executive Manager Technical Services Services;

Other members

- Any technical experts in the relevant field, when deemed necessary by the chairperson provided that these experts can only actively contribute to discussions, and not vote on the items being adjudicated.
- Statutory compliance officer of the Ventersdorp Local Municipality.

The quorum for each meeting of the bid adjudication committee is:

- 4 standing members

- (3) Members of the adjudication committee(s) cannot be members on the evaluation committee(s) that consider any of the same items to be adjudicated on. This includes any members who are appointed by nomination or delegation.
- (4) Members of the Bid Evaluation Committee may present their reports to the Bid Adjudication Committee and clarify any uncertainties. However, such members will not have any voting power on the Bid Adjudication Committee.
- (5) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

- (6) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.**
- (7) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid-**
- (i) Check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;**
  - (ii) Notify the accounting officer.**
- (b) The accounting officer may –**
- (i) After due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and**
  - (ii) If the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.**
- (8) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.**
- (9) The accounting officer must comply with section 114 of the Act within 10 working days.**
- (10) For all quotations and tenders with an estimated value between R 30,000 and R 500,000 preference points will be allocated as follows:**



POINTS  
(ANNEXURE "C")

Value for money substantially to specification (price)	80
Other Preference points	<u>20</u>
Total	<u>100</u>

(11) Other preference points will be as per the Balanced Scorecard provided in the Procurement Regulations of the Preferential Procurement Policy Framework Act, 2000. This scorecard is provided in the Annexure to this policy. If all bids exceed R 500,000 the bid invitation is to be cancelled and re-invited with the correct preference points.

(12) Prior to the award of a bid, the Municipality may cancel the bid due to changed circumstances, or if there are insufficient funds to proceed, or if no acceptable bid is received.

(13) For all tenders with an estimated value above R500,000 preference points will be allocated as follows:

POINTS  
(ANNEXURE "C")

Value for money substantially to specification (price)	90
Other Preference points	<u>10</u>
Total	<u>100</u>

(14) **Other preference points will be as per the Balanced Scorecard provided in the Procurement Regulations of the Preferential Procurement Policy Framework Act, 2000. This scorecard is provided in the Annexure to this policy. If all bids are less than R 500,000 the bid invitation is to be cancelled and re-invited with the correct preference points.**

**(15) ADVISING OF RESULTS:**

All approved bids will be listed on the municipality's website and on the official notice board in the week following their approval, for a period of 7 days.

**Procurement of banking services**

**30. (1) A contract for banking services –**

- (a) Must be procured through competitive bids;**
  - (b) Must be consistent with section 7 of the Act; and**
  - (c) May not be for a period of more than five years at a time.**
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.**
- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).**

**Procurement of IT related goods or services**

31. (1) The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.

(2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.

(3) The accounting officer must notify SITA together with a motivation of the IT needs if –

- (a) The transaction value of IT related goods or services required in any financial year will exceed R2 million (VAT included); or
- (b) The transaction value of a contract to be procured whether for one or more years exceeds R2 million (VAT included).

- (4) If SITA comments on the submission and the Ventersdorp Local Municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor General.

Procurement of goods and services under contracts secured by other organs of state

32. (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –
- (a) The contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
  - (b) There is no reason to believe that such contract was not validly procured;
  - (c) There are demonstrable discounts or benefits to do so; and
  - (d) That other organ of state and the provider have consented to such procurement in writing.
- (2) Subparagraphs (1) (c) and (d) do not apply if –
- (a) A municipal entity procures goods or services through a contract secured by its parent municipality; or
  - (b) A municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

Procurement of goods necessitating special safety arrangements

33. (1) The acquisition and storage of goods in bulk (other than water), which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.
- (2) **Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.**

**Proudly SA Campaign**

34. **The Ventersdorp Local Municipality supports the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:**
- **Firstly – suppliers and businesses within the municipality or district;**

- **Secondly – suppliers and businesses within the relevant province;**
- **Thirdly – suppliers and businesses within the Republic.**

Appointment of consultants

35. (1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made. (Detailed guidelines are available in the National Treasury's Supply Chain Management Office, Practice Note Number SCM 3 of 2003. This incorporates the provision to establish a panel of consultants/list of approved service providers for the rendering of services required on a recurring basis. This panel should be reviewed at least every two years). Chapter 5: "A Guide for Accounting Officers of Municipalities" issued by National Treasury (Circular 25 – October 2005).

- (2) Consultancy services must be procured through competitive bids if –**
- (a) The value of the contract exceeds R200, 000 (VAT included); or**
  - (b) The duration period of the contract exceeds one year.**
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –**
- (a) all consultancy services provided to an organ of state in the last five years; and**
  - (b) Any similar consultancy services provided to an organ of state in the last five years.**
- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the Ventersdorp Local Municipality.**
- (5) The appointment of advisors must also follow the same competitive bidding process as set out in this Policy.**
- (6) No advisor will take any part in the final decision-making process regarding the award of bids.**
- (7) No decision-making authority can be delegated to an advisor.**

**Deviation from, and ratification of minor breaches of, procurement processes**

36. (1) The accounting officer may –
- (a) Dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
    - (i) In an emergency;
    - (ii) Where the accounting officer determines that it is impractical to invite competitive bids for specific procurement such as urgent or emergency cases, or in the case of a sole supplier, he may procure the goods or services by other means such as price quotations or negotiations, or reduce the required advertising period from 14 days to an appropriately deemed period. The reasons for deviation from inviting competitive bids must be recorded and approved by the Accounting Officer.
    - (iii) Where it can be demonstrated that only one service provider can supply a particular service then a contract can be awarded by the Accounting Officer to that service provider.
    - (iv) For the acquisition of special works of art or historical objects where specifications are difficult to compile;
    - (v) Acquisition of animals for zoos and/or nature and game reserves; or
    - (vi) In any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
  - (b) Ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1) (a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

**Unsolicited bids**

37. (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
- (a) The product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;

- (b) The product or service will be exceptionally beneficial to, or have exceptional cost advantages;
  - (c) The person who made the bid is the sole provider of the product or service; and
  - (d) The reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- (3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –
  - (a) Reasons as to why the bid should not be open to other competitors;
  - (b) An explanation of the potential benefits if the unsolicited bid were accepted; and
  - (c) An invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) The accounting officer must submit all written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, to the National Treasury and the relevant provincial treasury for comment.
- (5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
- (6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
- (7) When considering the matter, the adjudication committee must take into account –
  - (a) Any comments submitted by the public; and
  - (b) Any written comments and recommendations of the National Treasury or the relevant provincial treasury.
- (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
- (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the Ventersdorp Local Municipality to the bid may be entered into or signed within 30 days of the submission.

1..3.4 Combating of abuse of supply chain management system

38. (1) The accounting officer must–

- (a) Take all reasonable steps to prevent abuse of the supply chain management system;
- (b) Investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this Policy, and when justified –
  - (i) Take appropriate steps against such official or other role player; or
  - (ii) Report any alleged criminal conduct to the South African Police Service;
- (c) Check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
- (d) Reject any bid from a bidder–
  - (i) **If any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the Ventersdorp Local Municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or**
  - (ii) **Who during the last five years has failed to perform satisfactorily on a previous contract with the Ventersdorp Local Municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;**
- (e) Reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
- (f) Cancel a contract awarded to a person if –
  - (i) The person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
  - (ii) An official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
- (g) Reject the bid of any bidder if that bidder or any of its directors –

- (i) Has abused the supply chain management system of the Ventersdorp Local Municipality or has committed any improper conduct in relation to such system;
  - (ii) Has been convicted for fraud or corruption during the past five years;
  - (iii) Has wilfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
  - (iv) Has been listed in the Register for Tender Defaulters in terms of section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- (h) No person placing a procurement requisition for goods or services shall understate the requirements of the estimated value with the intention of avoiding a more stringent procurement process. This includes the deliberate splitting of requirements to reduce individual order values. Procurement is limited to R 200,000 per commodity type per month unless a competitive bidding process has been undertaken. The Accounting officer shall promptly institute disciplinary action against any person infringing this requirement.
- (i) No official shall engage in contact with a prospective supplier in respect of a quotation or tender which the supplier intends to submit except where clarification of requirements is required from either party, or where the accounting officer may negotiate with identified preferred bidders. Any such communication must be recorded and appropriately filed with the bid documentation.
- (2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.



**Part 3: Logistics, Disposal, Risk and Performance Management**

**Logistics management**

**39. The accounting officer must establish and implement an effective system of logistics management, which must include -**

- (a) The monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number;**
- (b) The setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;**
- (c) The placing of manual or electronic orders for all acquisitions other than those from petty cash;**
- (d) Before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and is in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract;**
- (e) Appropriate standards of internal control and warehouse management to ensure that goods placed in stores are secure and only used for the purpose for which they were purchased;**
- (f) Regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and**
- (g) Monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.**

**Disposal management**

40. (1) The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, and council's GRAP policy and procedures.
- (2) Assets may be disposed of by –
- (i) Transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
  - (ii) Transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
  - (iii) Selling the asset; or
  - (iv) Destroying the asset.
- (3) The accounting officer must ensure that –
- (a) Immovable property is sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
  - (b) Movable assets are sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
  - (c) Firearms are not sold or donated to any person or institution within or outside the Republic unless approved by the National Conventional Arms Control Committee;
  - (d) Immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise;
  - (e) All fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed;
  - (f) Where assets are traded in for other assets, the highest possible trade-in price is negotiated; and**
  - (g) In the case of the free disposal of computer equipment, the provincial department of education is first approached to indicate within 30 days whether any of the local schools are interested in the equipment.**

- (4) In disposing of movable assets the adjudication committee will determine the most advantageous method for sale and adhere to the communication requirements prescribed for quotations. If deemed necessary notification may also be by advertisement in a widely circulated local newspaper, but not limited thereto. In sales by private treaty the adjudication committee will adjudicate and approve quotations received. Adjudication will include provision for the Preferential Procurement Points as per the attached scorecard for assets with a value greater than R30 000. The adjudication committee reserves the right not to accept any bids offered.

### **Risk management**

41. (1) The accounting officer must establish an effective system of risk management for the identification, consideration and avoidance of potential risks in the supply chain management system.
- (2) Risk management must include –
- (a) The identification of risks on a case-by-case basis;
  - (b) The allocation of risks to the party best suited to manage such risks;
  - (c) Acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
  - (d) The management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
  - (e) The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

### **Performance management**

42. The accounting officer must establish and implement an internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the objectives of this Policy were achieved.

### **Part 4: Other matters**

Prohibition on awards to persons whose tax matters are not in order

- 43. (1) No award above R30 000 may be made in terms of this Policy and regulation 16 of the Preferential Procurement Policy Framework Act, 2000 to a person whose tax matters have not been declared by the South African Revenue Service to be in order.**

**\* MFMA Circular No.29**

- (2) Before making an award to a person the accounting officer must first check with SARS whether that person's tax matters are in order.**

- (3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.**

Prohibition on awards to persons in the service of the state

- 44. Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy –**

- (a) Who is in the service of the state**
- (b) If that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or**
- (c) A person who is an advisor or consultant contracted with the Ventersdorp Local Municipality.**

Awards to close family members of persons in the service of the state

- 45. The accounting officer must ensure that the notes to the annual financial statements disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –**

- (a) The name of that person;**

- (b) The capacity in which that person is in the service of the state; and
- (c) The amount of the award.

#### **Ethical standards**

46. (1) A code of ethical standards as set out in subparagraph (2) is hereby established for officials and other role players in the supply chain management system of the Ventersdorp Local Municipality in order to promote –
- (a) Mutual trust and respect; and
  - (b) An environment where business can be conducted with integrity and in a fair and reasonable manner.
- (2) An official or other role player involved in the implementation of this Policy –
- (a) Must treat all providers and potential providers equitably;
  - (b) May not use his or her position for private gain or to improperly benefit another person;
  - (c) May not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
  - (d) Notwithstanding subparagraph (2) (c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
  - (e) Must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the Ventersdorp Local Municipality;
  - (f) Must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
  - (g) Must be scrupulous in his or her use of property belonging to Ventersdorp Local Municipality;
  - (h) Must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –

- (i) Any alleged fraud, corruption, favouritism or unfair conduct;
  - (ii) Any alleged contravention of paragraph 47(1) of this Policy; or
  - (iii) Any alleged breach of this code of ethical standards.
- (i) Must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
- (i) Must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including –
- (i) Any alleged fraud, corruption, favouritism or unfair conduct;
  - (ii) Any alleged contravention of paragraph 47(1) of this Policy; or
  - (iii) Any alleged breach of this code of ethical standards.
- (3) Declarations in terms of subparagraphs (2) (d) and (e) -
- (a) Must be recorded in a register which the accounting officer must keep for this purpose;
  - (b) By the accounting officer must be made to the Mayor of the Ventersdorp Local Municipality who must ensure that such declarations are recorded in the register.
- (4) The National Treasury's code of conduct (ANNEXURE "E") must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.
- (5) A breach of the code of ethics must be dealt with as follows -
- (a) In the case of an employee, in terms of the disciplinary procedures of the Ventersdorp Local Municipality envisaged in section 67(1)(h) of the Municipal Systems Act;
  - (b) In the case a role player who is not an employee, through other appropriate means in recognition of the severity of the breach.
  - (c) In all cases, financial misconduct must be dealt with in terms of chapter 15 of the Act.

Inducements, rewards, gifts and favours to the Ventersdorp Local Municipality, officials and other role players

47. (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
- (a) Any inducement or reward to the Ventersdorp Local Municipality for or in connection with the award of a contract; or
  - (b) Any reward, gift, favour or hospitality to –
    - (i) Any official; or
    - (ii) Any other role player involved in the implementation of this Policy.
- (2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

### **3.1 Sponsorships**

48. The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –
- (a) A provider or prospective provider of goods or services; or
  - (b) A recipient or prospective recipient of goods disposed or to be disposed.

#### **Objections and complaints**

49. Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

#### **Resolution of disputes, objections, complaints and queries**

50. (1) The accounting officer must appoint an independent and impartial person, not directly involved in the supply chain management processes –

- (a) To assist in the resolution of disputes between the Ventersdorp Local Municipality and other persons regarding -
    - (i) Any decisions or actions taken in the implementation of the supply chain management system; or
    - (ii) Any matter arising from a contract awarded in the course of the supply chain management system; or
  - (b) To deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
  - (c) Suppliers must provide details of the reasons for their appeal including any non-compliance with this Policy, the MFMA and related legislation. The Accounting Officer shall provide written acknowledgement of the receipt of appeals to the appellant and endeavour to finalise appeals within 10 working days of their receipt. Where this is not possible, the Accounting Officer shall advise the appellant in writing of the reasons for the delay.
  - (d) If the appeal is based on a technically complex matter, the Accounting Officer may engage an impartial external advisor, provided that their engagement is compliant with this Policy and sufficient budgetary provision exists. The Accounting Officer is not bound by any opinion provided.
  - (e) The Accounting Officer will decide if an appeal constitutes sufficient grounds for delay of procurement from the approved supplier, and if a delay is practical. If the Accounting Officer determines there are grounds for delay, the approved supplier will be advised in writing of the reasons for the delay.
  - (f) When a ruling on an appeal has been made, the Accounting Officer will advise the appellant in writing of the outcome.
- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must –
- (a) Strive to resolve promptly all disputes, objections, complaints or queries received; and



- (b) Submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.
- (4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –
  - (a) The dispute, objection, complaint or query is not resolved within 60 days; or
  - (b) No response is forthcoming within 60 days.
- (5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- (6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

**Contracts providing for compensation based on turnover**

- 51. If a service provider acts on behalf of the Ventersdorp Local Municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the Ventersdorp Local Municipality must stipulate –**
- (a) A cap on the compensation payable to the service provider; and**
  - (d) That such compensation must be performance based.**

**Unbundling strategies**

- 52 In order to encourage increased participation and the sustainable growth of the small business sector, the unbundling of larger projects into smaller, more manageable, contracts is encouraged.**

Unbundling must however be considered in the context of:

- Economies of scale being lost,
- Abortive work becoming necessary,
- Additional demands (not only financial) being placed on the areas resources,
- The risk of later phases not being completed as a result of budget cuts becoming necessary in the future.

Unbundling, and all of its associated implications, must therefore be carefully considered at the planning stage of any project and the budgets for, and design thereof, should be structured accordingly.

It is important to note that while it is the Ventersdorp Local Municipality's policy to procure works in the smallest practicable quantities, the practice of breaking out projects in order to circumvent the formal tender process is not permitted.

#### Increasing employment opportunities

- 53 It should be noted that one of the municipality's key socio-economic objectives is to facilitate the creation of employment for the people of the Ventersdorp Local Municipality.

Increasing employment opportunities through procurement may be achieved by specifying labour friendly technologies and/or labour intensive methods of construction in the tender documents.

The options available in this regard should be investigated to evaluate the positive versus negative impact of any proposals, and to specify labour friendly technologies and/or methods where appropriate.

#### Sureties for Due performance

- 54 Obtaining sureties (guarantees) from financial institutions is one of the major obstacles preventing emerging businesses from participating in Local Government Procurement. The value of the sureties required by the Ventersdorp Local Municipality has therefore



## Payment Terms

56 Payments to SMMEs/HDIs will be made within 14 days of invoice or statement. Other payments will be made within 30 days in terms of the MFMA.

(In order to qualify for more frequent or earlier payments, a contractor must be classified as a SMME with a HDI equity ownership of not less than 50 %).

## Commencement

57 This Policy takes effect on 1 April 2009.

## ANNEXURES

2 ANNEXURE: A POLICY AND PROCEDURES FOR HANDLING OF PETTY CASH

**ANNEXURE: B NATIONAL TREASURY - GENERAL CONDITIONS OF CONTRACT**

ANNEXURE: C SUMMARY OF PREFERENTIAL PROCUREMENT REQUIREMENTS

ANNEXURE: D EXTRACTS FROM LOCAL GOVERNMENT: MUNICIPAL FINANCE  
MANAGEMENT ACT NO. 56 OF 2003 (MFMA)

**ANNEXURE: E NATIONAL TREASURY - CODE OF CONDUCT FOR SUPPLY CHAIN  
MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS**

**ANNEXURE: F NATIONAL TREASURY – GUIDELINES FOR BID ADJUDICATION  
COMMITTEES**

ANNEXURE “A”

3 POLICY AND PROCEDURES FOR HANDLING OF PETTY CASH

3..3.1 A. INTRODUCTION

## 1. POLICY PRINCIPLES

Petty Cash means a small amount of cash kept on hand for incidental purchases of low value goods and services (i.e. Postages, office supplies, reimbursement out-of-pocket expenditure) which cannot be accommodated through normal purchasing procedures.

It is not the intention of petty cash to circumvent the existing acquisition procedures and payment of creditors or the provisions of the Supply Chain Management Policy.

No payment of a cash advance (IOU) will be done seeing that petty cash funds are not meant to grant short-term loans for acquisitions of any nature whatsoever to officials.

## 2. PROVISIONS

Supply Chain Management Regulation 12(1)(a) provide for the procurement of goods and services by way of petty cash purchases, up to a transaction value of R2,000 (VAT included); however the Accounting Officer decided in terms of his delegated powers that the maximum permissible amount for financing from petty cash will be limited to R500.00 per transaction.

The total amount that may be purchased from petty cash during one specific month shall not exceed one twelfth of the budgeted amount for that budget vote/line item.

The policy for provision of funds for petty cash expenditure, procedures for the administration thereof and control of the eventual allocation of costs against the various Ledger Votes is and remains the responsibility of the Executive Director: Finance and his/her assignees.

Additions to and/or amendments of this policy may be effected by the above with or without prior notice, without prejudice.

3..3.2 B. PROCEDURES

1. NON PERMISSIBLE & PERMISSIBLE ACQUISITIONS

- 1.1 The acquisition of items that will be financed from “Capital or inventory Votes” does not qualify for payment from Petty Cash – such items are purchased according to normal procedures.
- 1.2 No salary-, wage- or entertainment cost will qualify for payment through petty cash - such payments will be handled through the normal payroll procedures.
- 1.3 Registration fees for the attendance of courses/congresses will not qualify for payment through petty cash - a requisition for payment per cheque, accompanied by the nomination must be submitted.
- 1.4 No funds for payment of travelling and subsistence or other personal obligations will be financed through petty cash – these costs will be claimed in the normal way and paid with the applicant’s salary or by cheque.
- 1.5 Purchasing of shoes, uniforms and protective clothing will not qualify for payment through petty cash – such acquisitions must be acquired per requisition / invoice and paid by cheque.
- 1.6 Supplies such as stationery, cleaning materials, toiletries, sugar, tea and coffee that are listed on Council’s store stock index will not qualify for payment from petty cash – such items will be issued on request.
- 1.7 The acquisition of items or the delivery of services other than those referred to in points B 1.1 to B 1.6 does qualify for payment from Petty Cash, provided that:
  - The transaction is not contrary to the purpose as defined in Section A;
  - A fully completed and approved Petty Cash voucher is submitted for each transaction;
  - An invoice or till slip that complies with generally accepted minimum requirements is attached to the Petty Cash voucher.
- 1.8 Only personnel who received the necessary delegations may approve purchases. (No Councillor has, in terms of section 79(2) of the Local Government: Municipal Finance Management Act No. 56 of 2003, any authority to incur expenditure.)

## 2. PAYMENT

- 2.1 Payment of Petty Cash by approved Petty Cash voucher will only be done at the Ventersdorp Local Municipality's treasury offices.
- 2.2 Cashiers / Petty Cash Officials will not do any payments if the Petty Cash vouchers are not completed, approved and authorised in the prescribed manner.

## 3. REGISTERS

- 3.1 All transactions must be recorded in a separate register, which is kept at each cash office of the Ventersdorp Local Municipality.
- 3.2 These registers with concomitant Petty Cash vouchers must be checked by a senior official and kept for audit purposes.

## 4. REPLENISHMENT OF FUNDS

- 4.1 The above-mentioned registers will be made up each Monday (or if the Monday is a public holiday, the next working day) in order to be balanced against the paid petty cash vouchers plus the cash on hand. (This arrangement is obligatory and may only be deviated from if mutually arranged with the Executive Director: Finance)
- 4.2 A sundry voucher to the value of the issued petty cash vouchers will be prepared, the appropriate petty cash vouchers attached to it and forwarded to the Expenditure section where a cheque for the replenishment of the funds will issued.

## 5. ALLOCATION OF COSTS

- 5.1 On receipt of such sundry voucher the costs of the transactions concerned will be recorded against the various Ledger Votes and a cheque for the replenishment of funds will be issued.
- 5.2 However, should a specific Ledger Vote be over-spent when the value of a batch of petty cash vouchers is captured, the amount of the transaction affected will summarily be posted against the Sundry Expenditure vote of the cost centre concerned – it will then be the responsibility of the head of the concerned department to ensure that the funds are reallocated to provide for future allocations.

3..3.3

3..3.4 C. CONTROL

## 1. OFFICIAL DOCUMENTS

- 1.1 Only the official petty cash voucher of the Ventersdorp Local Municipality (example attached) will be accepted as valid document for the payment of purchases from the petty cash.
- 1.2 The official petty cash voucher must be completed in full using capital letters and the ITEM DESCRIPTION or REASON FOR EXPENDITURE must be clearly defined.
- 1.3 A separate petty cash voucher must be prepared for purchases from different suppliers.

## 2. APPROVAL OF EXPENDITURE

Executive Directors of departments or their assignees approve the incurring of specific costs, as indicated on the petty cash voucher concerned, and the responsibility for ensuring that if votes are over-spent, funds are transferred to provide for this.

## 3. AUTHORISATION FOR PAYMENT

The Executive Director: Finance or his/her assignee checks that the petty cash voucher is properly completed and whether sufficient funds are, at that stage, available for payment on the indicated vote/s.

### 3..3.5

### 3..3.6 D. LIABILITY

1. Executive Directors of departments or their assignees that approve the incurring of costs thereby also accept responsibility for:
  - future enquiries and/or explanations regarding the desirability of the expenditure concerned;
  - any irregularities regarding a specific transaction that may be revealed during an audit of the petty cash;
  - Transfer of funds in respect of votes that may be overspent due to some unavoidable reason, eg. the circumstances as indicated in Section B, point 5.2.
2. The Executive Director: Finance and his/her assignees who authorize the payment of petty cash expenditure thereby also accept responsibility for compliance with all financial provisions and delegations that are applicable in the normal performance



of their duties. The Cashier / Petty Cash Officials who does petty cash payouts thereby also accept responsibility for compliance with all financial provisions that are applicable in the normal performance of their duties.

## **ANNEXURE “B”**

# **4 GENERAL CONDITIONS OF CONTRACT**

## **4..3**

### **4..4 TABLE OF CLAUSES**

1. Definitions
2. Application
3. General
4. Standards
5. Use of contract documents and information; inspection
6. Patent rights
7. Performance security
8. Inspections, tests and analysis
9. Packaging
10. Delivery and documents
11. Insurance

12. Transportation
13. Incidental services
14. Spare parts
15. Warranty
16. Payment
17. Prices
18. Increase/Decrease of Quantities
19. Contract amendments
20. Assignment
21. Subcontracts
22. Delays in the provider's performance
23. Penalties
24. Termination for defaults
25. Dumping and countervailing duties
26. Force Majeure
27. Termination for insolvency
28. Settlement of disputes
29. Limitation of liability
30. Governing language
31. Applicable law
32. Notices
33. Taxes and duties
34. Transfer of contracts
35. Amendment of contracts

1. Definitions

The following terms shall be interpreted as indicated:

“Closing time” means the date and hour specified in the bidding documents for the receipt of bids.

“Contract” means the written agreement entered into between the purchaser and the provider, as recorded in the contract form signed by the parties, including all attachments and appendices thereto and all documents incorporated by reference therein.

“Contract price” means the price payable to the provider under the contract for the full and proper performance of his contractual obligations.

“Corrupt practice” means the offering, giving, receiving, or soliciting of any thing of the value to influence the action of a public official in the procurement process or in contract execution.

“Countervailing duties” are imposed in cases where an enterprise abroad is subsidized by its government and encouraged to market its products internationally.

“Country of origin” means the place where the goods were mined, grown or produced or from which the services are supplied. Goods are produced when, through manufacturing, processing or substantial and major assembly of components, a commercially recognized new product results that is substantially different in basic characteristics or in purpose or utility from its components.

“Day” means calendar day.

“Delivery” means delivery in compliance of the conditions of the contract or order.

“Delivery ex stock” means immediate delivery directly from stock actually on hand.

“Delivery into consignees store or to his site” means delivered and unloaded in the specified store or depot or on the specified site in compliance with the conditions of the contract or order, the provider bearing all risks and charges involved until the supplies are so delivered and a valid receipt is obtained.

“Dumping” occurs when a private enterprise abroad market its goods on own initiative in the RSA at lower prices than that of the country of origin and which have the potential to harm the local industries in the RSA.

“Force majeure” means an event beyond the control of the provider and not involving the provider’s fault or negligence and not foreseeable. Such events may include, but is not restricted to, acts of the purchaser in its sovereign capacity, wars or revolutions, fires, floods, epidemics, quarantine restrictions and freight embargoes.

“Fraudulent practice” means a misrepresentation of facts in order to influence a procurement process or the execution of a contract to the detriment of any bidder, and includes collusive practice among bidders (prior to or after bid submission) designed to establish bid prices at artificial non-competitive levels and to deprive the bidder of the benefits of free and open competition.

“GCC” means the General Conditions of Contract.

“Goods” means all of the equipment, machinery, and/or other materials that the provider is required to supply to the purchaser under the contract.

“Imported content” means that portion of the bidding price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the provider or his subcontractors) and which costs are inclusive of the costs abroad, plus freight and other direct importation costs such as land costs, dock dues, import duty, sales duty or

other similar tax or duty at the South African place of entry as well as transportation and handling charges to the factory in the Republic where the supplies covered by the bid will be manufactured.

“Local content” means that portion of the bidding price which is not included in the imported content provided that local manufacture does take place.

“Manufacture” means the production of products in a factory using labour, materials, components and machinery and includes other related value-adding activities.

“Order” means an official written order issued for the supply of goods or works or the rendering of a service.

“Project site,” where applicable, means the place indicated in bidding documents.

“Purchaser” means the organization purchasing the goods.

“Republic” means the Republic of South Africa.

“SCC” means the Special Conditions of Contract.

“Services” means those functional services ancillary to the supply of the goods, such as transportation and any other incidental services, such as installation, commissioning, provision of technical assistance, training, catering, gardening, security, maintenance and other such obligations of the provider covered under the contract.

“Written” or “in writing” means hand-written in ink or any form of electronic or mechanical writing.

2. Application

- 2.1 These general conditions are applicable to all bids, contracts and orders including bids for functional and professional services (excluding professional services related to the building and construction industry), sales, hiring, letting and the granting or acquiring of rights, but excluding immovable property, unless otherwise in the bidding documents.
- 2.2 Where applicable, special conditions of contract are also laid down to cover specific supplies, services or works.
- 2.3 Where such special conditions of contract are in conflict with these general conditions, the special conditions shall apply.

3. General

- 3.1 Unless otherwise indicated in the bidding documents, the purchaser shall not be liable for any expense incurred in the preparation and submission of a bid. Where applicable a non-refundable fee for documents may be charged.
- 3.2 Invitations to bid are usually published in locally distributed news media and in the institution's website.

4. Standards

- 7.1 **The goods supplied shall conform to the standards mentioned in the bidding documents and specifications.**

5. Use of contract documents and information; inspection

- a. **The provider shall not, without the purchaser's prior written consent, disclose the contract, or any provision thereof, or any specification, plan, drawing, pattern, sample, or information furnished by or on behalf of the purchaser in connection therewith, to any person other than a person employed by the provider in the performance of the contract. Disclosure to any such employed person shall be made in confidence and shall extend only as far as may be necessary for purposes of such performance.**
- b. The provider shall not, without the purchaser's prior written consent, make use of any document or information mentioned in GCC clause 5.1 except for purposes of performing the contract.

- c. Any document, other than the contract itself mentioned in GCC clause 5.1 shall remain the property of the purchaser and shall be returned (all copies) to the purchaser on completion of the provider's performance under the contract if so required by the purchaser.
- d. The provider shall permit the purchaser to inspect the provider's records relating to the performance of the provider and to have them audited by auditors appointed by the purchaser, if so required by the purchaser.

6. Patent rights

**6.1 The provider shall indemnify the purchaser against all third-party claims of infringement of patent, trademark, or industrial design rights arising from use of goods or any part thereof by the purchaser.**

6.2 When a provider developed documentation/projects for the municipality or municipal entity, the intellectual, copy and patent rights or ownership or such documents or projects will vest in the municipality or municipal entity.

7. Performance security

7.1 Within thirty (30) days of receipt of the notification of contract award, the success bidder shall furnish to the purchaser the performance security of the amount specified in SCC.

7.2 The proceeds of the performance security shall be payable to the purchaser as compensation for any loss resulting from the provider's failure to complete his obligations under the contract.

7.3 The performance security shall be denominated in the currency of the contract or in a freely convertible currency acceptable to the purchaser and shall be in one of the following forms:

(a) a bank guarantee or an irrevocable letter of credit issued by a reputable bank located in the purchaser's country or abroad, acceptable to the purchaser, in the form provided in the bidding documents or another form acceptable to the purchaser; or (b)

(b) a cashier's or certified cheque.

7.4 The performance security will be discharged by the purchaser and returned to the provider not later than thirty (30) days following the date of completion of the provider's performance obligations under the contract, including any warranty obligations, unless otherwise specified.

8. Inspections, tests and analyses

8.1 All pre-bidding testing will be for the account of the bidder.

8.2 If it is a bid condition that supplies to be produced or services to be rendered should at any stage during production or execution or on completion be subject to inspection, the premises of the bidder or contractor shall be open, at all reasonable hours, for inspection by a representative of the purchaser or an organization acting on behalf of the purchaser.

8.3 If there are no inspection requirements indicated in the bidding documents and no mention is made in the contract, but during the contract period it is decided that inspections shall be carried out, the purchaser shall itself make the necessary arrangements, including payment arrangements with the testing authority concerned.

8.4 If the inspections, tests and analyses referred to in clause 8.2 & 8.3 show the supplies to be in accordance with the contract requirements, the cost of the inspections, tests and analyses shall be defrayed by the purchaser.

8.5 Where the supplies or services referred to in clauses 8.2 and 8.3 do not comply with the contract requirements, irrespective of whether such supplies or services are



accepted or not, the cost in connection with these inspections, tests or analyses shall be defrayed by the provider.

- 8.6 Supplies and services which are referred to in clauses 8.2 and 8.3 and which do not comply with the contract requirements may be rejected.
- 8.7 Any contract supplies may on or after delivery be inspected, tested or analyzed and may be rejected if found not to comply with the requirements of the contract. Such rejected supplies shall be held at the cost and risk of the provider who shall, when called upon, remove them immediately at his own cost and forthwith substitute them with supplies which do not comply with the requirements of the contract. Failing such removal the rejected supplies shall be returned at the providers cost and risk. Should the provider fail to provide the substitute supplies forthwith, the purchaser may, without giving the provider further opportunity to substitute the rejected supplies, purchase such supplies as may be necessary at the expense of the provider.
- 8.8 The provisions of clauses 8.4 to 8.7 shall not prejudice the right of the purchaser to cancel the contract on account of a breach of the conditions thereof, or to act in terms of Clause 23 of GCC.
9. Packaging
- 9.1 The provider shall provide such packaging of the goods as is required to prevent their damage or deterioration during transit to their final destination, as indicated in the contract. The packaging shall be sufficient to withstand, without limitation, rough handling during transit and exposure to extreme temperatures, salt and precipitation during transit, and open storage. Packaging, case size and weights shall take into consideration, where appropriate, the remoteness of the good's final destination and the absence of heavy handling facilities at all points in transit.
- 9.2 The packing, marking and documentation within and outside the packages shall comply strictly with such special requirements as shall be expressly provided for in the contract, including additional requirements, if any, and in any subsequent instructions ordered by the purchaser.
10. Delivery and documents

- 10.1 Delivery of the goods and arrangements for shipping and clearance obligations shall be made by the provider in accordance with the terms specified in the contract.

11. Insurance

- 11.1 The goods supplied under the contract shall be fully insured in a freely convertible currency against loss or damage incidental to manufacture or acquisition, transportation, storage and delivery in the manner specified.

12. Transportation

- 12.1 **Should a price other than an all-inclusive delivered price be required, this shall be specified.**

13. Incidental services

- (i) **The provider may be required to provide any or all of the following services, including additional services, if any:**
- (ii) **Performance or supervision of on-site assembly and/or commissioning of the supplied goods;**
- (iii) **Furnishing of tools required for assembly and/or maintenance of the supplied goods;**
- (iv) **furnishing of a detailed operations and maintenance manual for each appropriate unit of the supplied goods;**
- (v) **performance or supervision or maintenance and/or repair of the supplied goods, for a period of time agreed by the parties, provided that this service shall not relieve the provider of any warranty obligations under this contract; and**

(vi) Training of the purchaser's personnel, at the provider's plant and/or on-site, in assembly, start-up, operation, maintenance, and/or repair of the supplied goods.

(vii) Prices charged by the provider for incidental services, if not included in the contract price for the goods, shall be agreed upon in advance by the parties and shall not exceed the prevailing rates charged to other parties by the provider for similar services.

**14. Spare parts**

**14.1 As specified, the provider may be required to provide any or all of the following materials, notifications, and information pertaining to spare parts manufactured or distributed by the provider:**

(a) such spare parts as the purchaser may elect to purchase from the provider, provided that this election shall not relieve the provider of any warranty obligations under the contract, and

(b) In the event of termination of production of the spare parts:

(i) Advance notification to the purchaser of the pending termination, in sufficient time to permit the purchaser to procure needed requirements; and

(ii) Following such termination, furnishing at no cost to the purchaser, the blueprints, drawings, and specifications of the spare parts, if requested.

**15. Warranty**

**15.1 The provider warrants that the goods supplied under the contract are new, unused, of the most recent or current models and that they incorporate all recent improvements in design and materials unless provided otherwise in the contract. The provider further warrants that all goods supplied under this contract shall have no defect, arising from design, materials, or workmanship (except when the design and/or material is required by the purchaser's specifications) or from any act or omission of the provider, that may develop under normal use of the supplied goods in the conditions prevailing in the country of final destination.**

- 15.2** This warranty shall remain valid for twelve (12) months after the goods, or any portion thereof as the case may be, have been delivered to and accepted at the final destination indicated in the contract, or for eighteen (18) months after the date of shipment from the port or place of loading in the source country, whichever period concludes earlier, unless specified otherwise.
- 15.3** The purchaser shall promptly notify the provider in writing of any claims arising under this warranty.
- 15.4** Upon receipt of such notice, the provider shall, within the period specified and with all reasonable speed, repair or replace the defective goods or parts thereof, without costs to the purchaser.
- 15.5** If the provider, having been notified, fails to remedy the defect(s) within the period specified, the purchaser may proceed to take such remedial action as may be necessary, at the provider's risk and expense and without prejudice to any other rights which the purchaser may have against the provider under the contract.
- 16. Payment**
- 16.1** The method and conditions of payment to be made to the provider under this contract shall be specified
- 16.2** The provider shall furnish the purchaser with an invoice accompanied by a copy of the delivery note and upon fulfillment of other obligations stipulated in the contract.
- 16.3** Payments shall be made promptly by the purchaser, but in no case later than thirty (30) days after submission of an invoice or claim by the provider.
- 16.4** Payment will be made in Rand unless otherwise stipulated.
- 17. Prices**
- 17.1** Prices charged by the provider for goods delivered and services performed under the contract shall not vary from the prices quoted by the provider in his bid, with the exception of any price adjustments authorized or in the purchaser's request for bid validity extension, as the case may be.
- 18. Increase/decrease of quantities**

- 18.1** In cases where the estimated value of the envisaged changes in purchase does not exceed 15% of the total value of the original contract, the contractor may be instructed to deliver the revised quantities. The contractor may be approached to reduce the unit price, and such offers may be accepted provided that there is no escalation in price.

**19. Contract amendments**

- 19.1** No variation in or modification of the terms of the contract shall be made except by written amendment signed by the parties concerned.

**20. Assignment**

- 20.1** The provider shall not assign, in whole or in part, its obligations to perform under the contract, except with the purchaser's prior written consent.

**21. Subcontracts**

- 21.1** The provider shall notify the purchaser in writing of all subcontracts awarded under this contract if not already specified in the bid. Such notification, in the original bid or later, shall not relieve the provider from any liability or obligation under the contract.

**22. Delays in the provider's performance**

- 22.1** Delivery of the goods and performance of services shall be made by the provider in accordance with the time schedule prescribed by the purchaser in the contract.
- 22.2** If at any time during performance of the contract, the provider or its subcontractor(s) should encounter conditions impeding timely delivery of the goods and performance of services, the provider shall promptly notify the purchaser in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable after receipt of the provider's notice, the purchaser shall evaluate the situation and may at his discretion extend the provider's time for performance, with or without the imposition of penalties, in which case the extension shall be ratified by the parties by amendment of contract.
- 22.3** The right is reserved to procure outside of the contract small quantities or to have minor essential services executed if any emergency arises, the provider's

**point of supply is not situated at or near the place where the supplies are required, or the provider's services are not readily available.**

22.4 Except as provided under GCC Clause 25, a delay by the provider in the performance of its delivery obligations shall render the provider liable to the imposition of penalties, pursuant to GCC Clause 22, unless an extension of time is agreed upon pursuant to GCC Clause 21.2 without the application of penalties.

22.5 Upon any delay beyond the delivery period in the case of a supplies contract, the purchaser shall, without canceling the contract, be entitled to purchase supplies of a similar quality and up to the same quantity in substitution of the goods not supplied in conformity with the contract and to return any goods delivered later at the provider's expense and risk, or to cancel the contract and buy such goods as may be required to complete the contract and without prejudice to his other rights, be entitled to claim damages from the provider.

## 23. Penalties

23.1 Subject to GCC Clause 25, if the provider fails to deliver any or all of the goods or to perform the services within the period(s) specified in the contract, the purchaser shall, without prejudice to its other remedies under the contract, deduct from the contract price, as a penalty, a sum calculated on the delivered price of the delayed good or unperformed services using the current prime interest rate calculated for each day of the delay until actual delivery or performance. The purchaser may also consider termination of the contract pursuant to GCC Clause 23.

## 24. Termination For Default

24.1 The purchaser, without prejudice to any other remedy for breach of contract, by written notice of default sent to the provider, may terminate this contract in whole or in part:

24.1.1 if the provider fails to deliver any or all of the goods within the period(s) specified in the contract, or within any extension thereof granted by the purchaser pursuant to GCC Clause 21.2;

24.1.2 if the provider fails to perform any other obligation(s) under the contract; or

24.1.3 if the provider, in the judgement of the purchaser, has engaged in corrupt or fraudulent practices in competing for or in executing the contract.

24.2 In the event the purchaser terminates the contract in whole or in part, the purchaser may procure, upon such terms and in such manner as it deems appropriate, goods, works or services similar to those undelivered, and the provider shall be liable to the purchaser for any excess costs for such similar goods, works or services. However, the provider shall continue performance of the contract to the extent not terminated.

25. Anti-Dumping And Counter-Vailing Duties And Rights

25.1 When, after the date of bid, provisional payments are required, or anti-dumping or countervailing duties are imposed, or the amount of a provisional payment or anti-dumping or countervailing right is increased in respect of any dumped or subsidized import, the State is not liable for any amount so required or imposed, or for the amount of any such increase. When, after the said date, such a provisional payment is no longer required or any such anti-dumping or countervailing right is abolished, or where the amount of such provisional payment or any such right is reduced, any such favourable difference shall on demand be paid forthwith by the provider to the purchaser or the purchaser may deduct such amounts from moneys (if any) which may otherwise be due to the provider in regard to supplies or services which he delivered or rendered, or is to deliver or render in terms of the contract or any other contract or any other amount which may be due to him.

26. Force Majeure

26.1 Notwithstanding the provisions of GCC Clauses 22 and 23, the provider shall not be liable for forfeiture of its performance security, damages, or termination for default if and to the extent that his delay in performance or other failure to perform his obligations under the contract is the result of an event of force majeure.

26.2 If a force majeure situation arises, the provider shall promptly notify the purchaser in writing of such condition and the cause thereof. Unless otherwise directed by the purchaser in writing, the provider shall continue to perform its obligations under the contract as far as is reasonably practical, and shall seek all reasonable alternative means for performance not prevented by the force majeure event.

27. Termination for Insolvency

27.1 The purchaser may at any time terminate the contract by giving written notice to the provider if the provider becomes bankrupt or otherwise insolvent. In this event, termination will be without compensation to the provider, provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to the purchaser,

28. Settlement of Disputes

28.1 If any dispute or difference of any kind whatsoever arises between the purchaser and the provider in connection with or arising out of the contract, the parties shall make every effort to resolve amicably such dispute or difference by mutual consultation.

28.2 If, after thirty (30) days, the parties have failed to resolve their dispute or difference by such mutual consultation, then either the purchaser or the provider may give notice to the other party of his intention to commence with mediation. No mediation in respect of this matter may be commenced unless such notice is given to the other party.

28.3 Should it not be possible to settle a dispute by means of mediation, it may be settled in a South African court of law.

28.4 Notwithstanding any reference to mediation and / or court proceedings herein,

28.4.1 the parties shall continue to perform their respective obligations under the contract unless they otherwise agree; and

28.4.2 the purchaser shall pay the provider any monies due to the provider for goods delivered and / or services rendered according to the prescripts of the contract.

29. Limitation of Liability

29.1 Except in cases of criminal negligence or willful misconduct, and in the case of infringement pursuant to Clause 6;

29.1.1 the provider shall not be liable to the purchaser, whether in contract, tort, or otherwise, for any indirect or consequential loss or damage, loss of use, loss of production, or loss of profits or interest costs, provided that this exclusion shall not apply to any obligation of the provider to pay penalties and / or damages to the purchaser; and

29.1.2 the aggregate liability of the provider to the purchaser, whether under the contract, in tort or otherwise, shall not exceed the total contract price, provided that this limitation shall not apply to the cost of repairing or replacing defective equipment.

30. Governing Language

30.1 The contract shall be written in English. All correspondence and other documents pertaining to the contract that is exchanged by the parties shall also be written in English.

31. Applicable Law

31.1 The contract shall be interpreted in accordance with South African laws, unless otherwise specified.

32. Notices

32.1 Every written acceptance of a bid shall be posted to the provider concerned by registered or certified mail and any other notice to him shall be posted by ordinary mail to the address furnished in his bid or to the address notified later by him in writing and such posting shall be deemed to be proper service of such notice.

32.2 The time mentioned in the contract documents for performing any act after such aforesaid notice has been given, shall be reckoned from the date of posting of such notice.

33. TAXES AND DUTIES



- 33.1 A foreign provider shall be entirely responsible for all taxes, stamp duties, license fees, and other such levies imposed outside the purchaser's country.
- 33.2 A local provider shall be entirely responsible for all taxes, duties, license fees, etc, incurred until delivery of the contracted goods to the purchaser.
- 33.3 No contract shall be concluded with any bidder whose tax matters are not in order. Prior to the award of a bid SARS must have certified that the tax matters of the preferred bidder are in order.
- 34. Transfer Of Contracts
  - 34.1 The contractor shall not abandon, transfer, assign or sublet a contract or part thereof without the written permission of the purchaser.
- 35. Amendment Of Contracts
  - 35.1 No agreement to amend or vary a contract or order or the conditions, stipulations or provisions thereof shall be valid and of any force unless such agreement to amend or vary is entered into in writing and signed by the contracting parties. Any waiver of the requirement that the agreement to amend or vary shall be in writing, shall also be in writing.

ANNEXURE "C"

SUMMARY OF PREFERENTIAL PROCUREMENT REQUIREMENTS

SECTION 1: PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT No 5. of 2000, PREFERENTIAL PROCUREMENT REGULATIONS 2004

The municipality must determine a preferential procurement policy.

This policy must be implemented within a framework which follows the following preference point system:

- For contracts with a rand value equal to or below a prescribed amount, a maximum of 20 points is allocated for specific goals as contemplated below, provided that the lowest acceptable tender scores 80 points for price.
- For contracts with a rand value above a prescribed amount, a maximum of 10 points is allocated for specific goals as contemplated below, provided that the lowest acceptable tender scores 90 points for price;

Other acceptable tenders that are higher in price must score fewer points, on a pro-rata basis, calculated on their tender prices in relation to the lowest acceptable tender, in accordance with the prescribed formula.

The specific goals set by the municipality for preferential procurement must include contracting with persons, or categories of persons, who have been historically disadvantaged by unfair discrimination on the basis of race, gender or disability.

The specific goals of the policy must further include the implementation of programmes of the reconstruction and development programme, as published in Government Gazette no. 16085 dated 23 November 1994 or subsequent regulations.

Any specific criteria for which a point is awarded must be clearly specified in the invitation to submit tenders. The municipality must normally award its contract to the tenderer who scores the highest points. If not, the municipality must be able to produce objective criteria in addition to those contemplated above to justify the award to another tenderer. The specific goals determined by the municipality for its preferential procurement policy must be measurable, quantifiable and monitored for compliance.

SECTION 2: BROAD BASED BLACK ECONOMIC EMPOWERMENT ACT NO. 53 OF 2003

The Minister of trade and Industry may by notice in the gazette issue codes of good practice on black economic empowerment that may include (inter alia) the following:

- further interpretation and definition of broad based black economic empowerment and the interpretation and definition of different categories of black empowerment entities;
- qualification criteria for preferential purposes for procurement and other economic activities;
- indicators to measure broad based black economic empowerment; and
- the weighting to be attached to broad based black economic empowerment indicators as referred to above.

Every organ of state and public entity must take into account and, as far as it may be reasonably possible, apply any relevant code of good practice issued in terms of the present Act in:

- determining qualification criteria for the issuing of licences, concessions or other authorisations in terms of any laws;
- developing and implementing a preferential procurement policy;
- determining qualification criteria for the sale of state-owned enterprises; and
- developing criteria for entering into partnerships with the private sector.

The Minister must also issue a strategy for broad based black economic empowerment. This strategy must:

- provide for an integrated, co-ordinated and uniform approach to broad based black economic empowerment by all organs of state, public entities, the private sector, non-governmental organisations, local communities and other stakeholders,
- develop a plan for financing broad based black economic empowerment; and
- provide a system for organs of state, public entities and other enterprises to prepare broad based black economic empowerment plans and to report on compliance with those plans.

**BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)**

**PRICE:**

**1. 80/20 PREFERENCE POINT SYSTEM**

For competitive bids/price quotations equal to or above R 30,000 and up to a Rand value of R 1,000,000 (but can be used for quotations of less than R30, 000 if deemed appropriate)

$$P_s = 80 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where

$P_s$  = points scored for comparative price of bid/offer under consideration

$P_t$  = comparative price of bid/offer under consideration

$P_{\min}$  = comparative price of lowest acceptable bid/offer

A maximum of 20 points is then added to the above score based on the assessment against the Broad-Based Black Economic Empowerment scorecard.

## 2. 90/10 PREFERENCE POINT SYSTEM

For competitive bids/price quotations with a Rand value above R1, 000,000.

$$P_s = 90 \left( 1 - \frac{P_t - P_{\min}}{P_{\min}} \right)$$

Where

$P_s$  = points scored for comparative price of bid/offer under consideration

$P_t$  = comparative price of bid/offer under consideration

$P_{min}$  = comparative price of lowest acceptable bid/offer

A maximum of 10 points is then added to the above score based on the assessment against the Broad-Based Black Economic Empowerment scorecard.

3. 80/20 PREFERENCE POINT SYSTEM FOR THE SALE AND LETTING OF ASSETS.

The following formula must be used to calculate the points for price in respect of tenders with a Rand value equal to, or above R30,000 and up to a Rand value of R 1,000,000 and which relate to the sale and letting of assets.

$$P_s = 80 \left( 1 + \frac{P_t - P_h}{P_h} \right)$$

Where

$P_s$  = Points scored for price of tender under consideration

$P_t$  = Rand value of tender under consideration

$P_h$  = Rand value of highest acceptable tender

A maximum of 20 points is then added to the above score based on the assessment against the Broad-Based Black Economic Empowerment scorecard. Only the tender with the highest number of points scored may be selected.

4. 90/10 PREFERENCE POINT SYSTEM FOR THE SALE AND LETTING OF ASSETS.

The following formula must be used to calculate the points for price in respect of tenders with a Rand value above R 1,000,000 and which relate to the sale and letting of assets:

$$P_s = 90 \left( 1 + \frac{P_t - P_h}{P_h} \right)$$

Where

$P_s$  = Points scored for price of tender under consideration

$P_t$  = Rand value of tender under consideration

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Ph = Rand value of highest acceptable tender

A maximum of 10 points is then added to the above score based on the assessment against the Broad-Based Black Economic Empowerment scorecard. Only the tender with the highest number of points scored may be selected.

NB: Until the Preferential Procurement Regulations, 2001 as per Government Notice R725 of 10 August 2001 are repealed by the promulgation of the draft Preferential Procurement Regulations, 2004 set out in Government Gazette No. 26863 of 4 October 2004, the threshold value as indicated above, will be R 500,000.

### BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

#### BALANCED SCORECARD 1:

(80/20 PREFERENCE POINT SYSTEM)

For competitive bids/price quotations up to a Rand value of R1million

Core Component Of BBBEE	Indicators	% Raw Score	% Weighting	% Score
Direct Empowerment (Ownership and Control) ( OF THE COMPANY )				
Equity ownership	% owned by black persons		30	
	% owned by black disabled persons		5	
	% owned by black women		10	
Management	% black persons in executive management and/or executive		20	

Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

	board and board committees			
Human Resource Development				
Employment Equity	Weighted employment equity (% of black people as a proportion of total workforce)		5	
Skills development	Skills development expenditure as a proportion (%) of total payroll	5%= 5 1%=1	5	
Indirect empowerment				
Preferential Procurement	Procurement from black-owned and empowered enterprises as a proportion (%) of total procurement	SPECIFIC PROJECT	15	
Residual				
Local content	% local content in relation to the bid price	GOODS, MAT.TRANS	10	
Total score out of 100%			100	

**NB:** The total score out of 100% will be converted to a point out of a maximum of 20 points for BBBEE. No points will, however, be awarded if the total percentage score is less than 40% for BBBEE.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

BALANCED SCORECARD 2:

(90/10 PREFERENCE POINT SYSTEM)

For competitive bids/price quotations with a Rand value above R1million

Core		%	%	%
------	--	---	---	---

## Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

Component Of BBBEE	Indicators	Raw Score	Weighting	Score
Direct Empowerment (Ownership and Control) ( OF COMPANY )				
Equity ownership	% owned by black persons		20	
	% owned by black disabled persons		5	
	% owned by black women		12	
Management	% black persons in executive management and/or executive board and board committees		13	
Human Resource Development				
Employment Equity	Weighted employment equity (% of black people as a proportion of total workforce)		6	
Skills development	Skills development expenditure as a proportion (%) of total payroll	6%=6 1%=1	6	
Indirect empowerment				
Preferential Procurement	Procurement from black-owned and empowered enterprises as a proportion (%) of total procurement	SPECIFIC PROJECT	8	
Enterprise Development	Investment in enterprises, owned 100% by black persons, as a proportion (%) of total assets		8	
	% of profit shared by a Black-owned enterprise as a consortium or joint venture for this contract OR % of this contract that will		12	



Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

	be sub-contracted to a Black-owned Enterprise			
Residual				
Local content	% local content in relation to the bid price	GOODS, MAT, LABOUR	10	
Total score out of 100%			100	

**NB:** The total score out of 100% will be converted to a point out of a maximum of 10 points for BBBEE. No points will, however, be awarded if the total percentage score is less than 40% for BBBEE.

NB: Until the Preferential Procurement Regulations, 2001 as per Government Notice R725 of 10 August 2001 are repealed by the promulgation of the draft Preferential Procurement Regulations, 2004 set out in Government Gazette No. 26863 of 4 October 2004, the pointing system will be as follows.

1.1 80/20 POINTS SYSTEM FOR TENDERS WITH A VALUE OF >R 30,000 TO R 500,000

The points are awarded as follows:

- 80 points are awarded for the lowest price if it complies with the tender conditions.
- 15 points (percentage of persons or categories of persons historically disadvantaged because of unfair discrimination based on race.)

- 1 point is rewarded for historically disadvantaged persons because of unfair discrimination based on gender. This point is allocated only if more than 20% of the shareholding is in the possession of woman.
- 1 point for historically disadvantaged persons because of discrimination based on disability. This point is only allocated if at least 10% of the shareholding is in the possession of disabled persons.
- 1 point for the use of local labour (job creation)
- 1 point for persons or categories of persons established within the area of jurisdiction of the Ventersdorp Local Municipality.
- 1 point for percentage shareholding of persons in the business classified as youth. (18 – 35 Years old)

#### 1.2 90/10 POINTS SYSTEM FOR TENDERS WITH A VALUE OF >R 500, 000

The points are awarded as follows:

- 90 points are awarded for the lowest price if it complies with the tender conditions.
- 8 points (percentage of persons or categories of persons historically disadvantaged because of unfair discrimination based on race.)
- 1 point is rewarded for historically disadvantaged persons because of unfair discrimination based on gender. This point is allocated only if more than 20% of the shareholding is in the possession of woman.
- 1 point for historically disadvantaged persons because of discrimination based on disability. This point is only allocated if at least 10% of the shareholding is in the possession of disabled persons.

#### 1.3 80/20 POINTS SYSTEM IN THE ALIENATION / LEASE OF ASSETS WITH A VALUE > R 30,000 TO R500, 000

The points are awarded as follows:

- 80 points are awarded for the highest tender.

- 16 points (percentage persons or categories of persons historically disadvantaged because of unfair discrimination based on race).
- 2 points (percentage persons or categories of persons historically disadvantaged because of unfair discrimination based on gender).
- 2 points (percentage persons or categories of persons historically disadvantaged because of unfair discrimination based on disability).

1.4 90/10 POINTS SYSTEM IN THE ALIENATION / LEASE OF ASSETS WITH A VALUE > R 500,000

The points are awarded as follows:

- 90 points are awarded for the highest tender.
- 8 points (percentage persons or categories of persons historically disadvantaged because of unfair discrimination based on race).
- 1 points (percentage persons or categories of persons historically disadvantaged because of unfair discrimination based on gender).
- 1 points (percentage persons or categories of persons historically disadvantaged because of unfair discrimination based on disability).

ANNEXUER "D"

EXTRACTS FROM LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT  
NO. 56 OF 2003 (MFMA)

4..5

4..6 **SECTION 14: DISPOSAL OF CAPITAL ASSETS**

- 1) A municipality may not transfer ownership as a result of a sale or other transaction or otherwise permanently dispose of a capital asset needed to provide the minimum level of basic municipal services.
- 2) A municipality may transfer ownership or otherwise dispose of a capital asset other than one contemplated in subsection 1), but only after the municipal council, in meeting open to the public-
  - a) has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and
  - b) Has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.
- 3) A decision by a municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal services, may not be reversed by the municipality after that asset has been sold, transferred or otherwise disposed of.
- 4) A municipal council may delegate to the accounting officer of the municipality its power to make the determinations referred to in subsection 2) a) and b) in respect of moveable capital assets below a value determined by the council.
- 5) Any transfer of ownership of a capital asset in terms of subsection 2) or 4) must be fair, equitable, transparent, competitive and consistent with the supply chain management policy which the municipality must have and maintain in terms of section 111.

#### **4..7 SECTION 19: CAPITAL PROJECTS**

- 1) A municipality may spend money on a capital project only if-
  - a) the money for the project, excluding the cost of feasibility studies conducted by and behalf of the municipality, has been appropriated in the capital budget referred to in section 17 (2);
  - b) the project, including the total cost, has been approved by council
  - c) section 33 has been complied with, to the extent that section may be applicable to the project; and
  - d) The sources of funding have been considered, are available and have not been committed for other purposes.
- 2) Before approving a capital project in terms of subsection 1) b), the council of a municipality must consider-
  - a) the projected cost covering all financial years until the project is operational; and
  - b) The future operational costs and revenue on the project, including municipal tax and tariff implications.

A municipal council may in terms of subsection 1) b) approve capital projects below a prescribed value either individually or as part of a consolidated capital programme.

#### **4..8    SECTION 33: CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS**

- 1) A municipality may enter into a contract which will impose financial obligations on the municipality beyond a financial year, but if the contract will impose financial obligations on the municipality beyond the three years covered in the annual budget for that financial year, it may do so only if-
  - a) the accounting officer, at least 60 days before the meeting of the municipal council at which the contract is to be approved-
    - i) has in accordance with section 21A of the Municipal Systems Act –
      - (aa) Made public the draft contract and an information statement summarising the municipality's obligations in terms of the proposed contract; and
      - (bb) Invited the local community and other interested persons to submit to the municipality comments or representations in respect of the proposed contract; and
    - ii) has solicited the views and recommendations of-
      - (aa) the National Treasury and the relevant provincial treasury
      - (bb) the national department responsible for local government; and
      - (cc) if the contract involves the provision of water, sanitation, electricity, or any other service as may be prescribed, the responsible national department;
  - b) the municipal council has taken into account-
    - i) the municipality's projected financial obligations in terms of the proposed contract for each financial year covered by the contract;
    - ii) the impact of those financial obligations on the municipality's future municipal tariffs and revenue;
    - iii) any comments or representations on the proposed contracts received from the local community and other interested persons
    - iv) any written views and recommendations on the proposed contract by National Treasury, the relevant provincial treasury, the national department responsible for local government and any national department referred to in paragraph (a) (ii) (cc); and
  - c) the municipal council has adopted a resolution in which-
    - i) it determines that the municipality will secure a significant capital investment or will derive a significant financial economic or financial benefit from the contract;

- ii) It approves the entire contract exactly as it is to be executed; and it authorises the accounting officer to sign the contract on behalf of the municipality.
- 2) The process set out in subsection 1) does not apply to-
  - a) contracts for long-term debt regulated in terms of section 46 (3);
  - b) employment contracts; or
  - c) contracts-
    - i) for categories of goods as may be prescribed; or
    - ii) in terms of which the financial obligation on the municipality is below-
      - (aa) a prescribed value; or
      - (bb) a prescribed percentage of the municipality's approved budget for the year in which the contract is concluded
- 3) (a) All contracts referred to in subsection 1) and all other contracts that impose a financial obligation on the municipality-
  - i) must be made available in their entirety to the municipal council: and
  - ii) May not be withheld from public scrutiny except as provided for in terms of the Promotion of Access of Information Act 2000 (Act No. 2 of 2000).
- b) Paragraph (a) i) does not apply to contracts in respect of which the financial obligation on the municipality is below a prescribed value.
- 4) This section may not be read as exempting the municipality from the provisions of Chapter 11 to the extent that those provisions are applicable in a particular case.

#### SECTION 90: DISPOSAL OF CAPITAL ASSETS

- 1) A municipal entity may not transfer ownership as a result of a sale or other Transaction or otherwise dispose of a capital asset needed to provide the minimum level of basic municipal services.
- 2) A municipal entity may transfer ownership or otherwise dispose of a capital asset other than an asset contemplated in subsection (1), but only after the council of its parent municipality, in a meeting open to the public—
  - (a) Has decided on reasonable grounds that the asset is not needed to provide the minimum level of basic municipal services; and

(b) Has considered the fair market value of the asset and the economic and community value to be received in exchange for the asset.

3) A decision by a municipal council that a specific capital asset is not needed to provide the minimum level of basic municipal services may not be reversed by the municipality after that asset has been sold, transferred or otherwise disposed of.

4) A municipal council may delegate to the accounting officer of a municipal entity its power to make the determinations referred to in subsection (2) (a) and (b) in respect of movable capital assets of the entity below a value determined by the council.

5) Any transfer of ownership of a capital asset in terms of subsection (2) or (4) must

Be fair, equitable, transparent and competitive and consistent with the supply chain management policy which the municipal entity must have and maintain in terms of section 111.

6) This section does not apply to the transfer of a capital asset to a municipality or

another municipal entity or to a national or provincial organ of state in circumstances and in respect of categories of assets approved by the National Treasury provided that such transfers are in accordance with a prescribed framework.

#### 4..9

#### 4..10 **SECTION 110: APPLICATION OF THIS PART**

Chapter 11 Part 1, which deals with supply chain management, applies to-

- a) the procurement by a municipality of goods and services;
- b) the disposal by a municipality of goods no longer needed;
- c) the selection of contractors to provide assistance in the provision of municipal services otherwise than in the circumstances envisaged in Chapter 8 of the Municipal Systems Act; and
- d) The selection of external mechanisms as referred in Section 80 of the Municipal Systems Act for the provision of municipal services in the circumstances contemplated in section 83 of that Act.

Except where specified, this part of the Act does not apply if a municipality contracts with another organ of state for:

- a) the provision of goods and services to the municipality;
- b) the provision of a municipal service or assistance in the provision of a municipal service; and
- c) The procurement of goods and services under a contract secured by such other organ of state provided that the relevant supplier has agreed to such procurement.

#### **4..11 SECTION 111: SUPPLY CHAIN MANAGEMENT POLICY**

Each municipality and municipal entity must have and implement a supply chain management policy which gives effect to the provisions of this part of the present Act.

#### **SECTION 112: SUPPLY CHAIN MANAGEMENT POLICY TO COMPLY WITH PRESCRIBED FRAMEWORK**

The supply chain management policy of a municipality must be fair, equitable, transparent, competitive and cost-effective and comply with a prescribed regulatory framework for municipal supply chain management, which must cover at least the following:

- a) the range of supply chain management processes that municipalities and municipal entities may use, including tenders, quotations, auctions and other types or competitive bidding;
- b) when a municipality may or must use a particular type of process;
- c) procedures and mechanisms applicable to each type of process;
- d) procedures and mechanisms for more flexible processes where the value of a contract is below a prescribed amount;
- e) open and transparent pre-qualification processes for tenders or other bids;
- f) competitive bidding processes in which only pre-qualified persons may participate,
- g) bid documentation, advertising of and invitation for contracts;
- h) procedures and mechanisms for:
  - i. the opening, registering and recording of bids in the presence of interested persons;



- ii. the evaluation of bids to ensure best value for money;
  - iii. negotiating the final terms of contracts; and
  - iv. the approval of bids;
- i) screening processes and security clearances for prospective contractors on tenders or other bids above a prescribed value;
- j) compulsory disclosure of any conflicts of interests prospective contractors may have in specific tenders, and the exclusion of such prospective contractors from those tenders or bids;
- k) participation in the supply chain management system of persons who are not officials of the municipality;
- l) the barring of persons from participating in tendering or other bidding processes, including persons:
  - i. who were convicted for fraud or corruption during the past 5 years;
  - ii. who wilfully neglected, reneged or failed to comply with a government contract during the past 5 years; or
  - iii. whose tax matters are not clearer by the South African Revenue Service;
- m) measures for:
  - i. combating fraud, corruption, favouritism and unfair and irregular practices in municipal supply chain management; and
  - ii. promoting the ethics of officials and other role players involved in municipal supply chain management;
- n) the invalidation of recommendations or decisions that were unlawfully or improperly made, taken or influenced, including recommendations or decisions that were made, taken or in any way influenced by:
  - i. councillors in contravention of item 5 or 6 of the code of conduct for councillors set out in Schedule 1 to the Municipal Systems Act; or
  - ii. municipal officials in contravention of item 4 or 5 of the code of conduct for municipal staff members set out in Schedule 2 to that Act;
- o) the procurement of goods and services by municipalities or municipal entities through contracts procured by other organs of state;
- p) contract management and dispute settling procedures: and
- q) The delegation of municipal supply chain management powers and duties, including to officials.

The regulatory framework for municipal supply chain management must be fair, equitable, transparent, competitive and cost-effective.

#### **4.12 SECTION 113: UNSOLICITED BIDS**

A municipality is not obliged to consider an unsolicited bid received outside its normal bidding process.

If a municipality does decide to consider an unsolicited bid it may do so only in accordance with the prescribed framework.

#### **SECTION 114: APPROVAL OF TENDERS NOT RECOMMENDED**

If a tender other than the one recommended in the normal course of implementing the supply chain management policy is approved, the accounting officer of the municipality must, in writing, notify the Auditor-General, the provincial treasury and the national treasury and, in the case of a municipal entity, also the parent municipality, of the reasons for deviating from such recommendation.

The above requirements do not apply if a different tender is approved purely to rectify an irregularity.

#### **SECTION 115: IMPLEMENTATION OF SYSTEM.**

The accounting officer of a municipality must implement the supply chain management policy and must take all reasonable steps to ensure that proper mechanisms and separation of duties in the supply chain management system are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.

No person may impede the accounting officer in fulfilling this responsibility.

SECTION 116: CONTRACTS AND CONTRACT MANAGEMENT

A contract or agreement procured through the supply chain management system must be in writing and must stipulate the terms and conditions of the contract or agreement, which must include provisions which allow for:

- i. the termination of the contract or agreement in the case of non- or under-performance;
- ii. dispute resolution mechanisms to settle disputes between the parties; and
- iii. A periodic review of the contract or agreement once every 3 years in the case of a contract or agreement for longer than 3 years.

The accounting officer must:

- a) take all reasonable steps to ensure that a contract or agreement procured through the supply chain management supply is properly enforced;
- b) monitor on a monthly basis the performance of the contractor under the contract or agreement;
- c) Establish capacity in the administration to assist the accounting officer in carrying out the foregoing responsibilities. and in overseeing the day-to-day management of contracts and agreements; and
- d) Regularly report to the council or the board of directors, as the use may be, on the management of the contract or agreement and the performance of the contractor.

A contract or agreement procured through the supply chain management policy may be amended by the parties, but only after:

- a) the reasons for the proposed amendment have been tabled in the council of the municipality or, in the case of the municipal entity, in the council of its parent municipality; and
- b) The local community has been given reasonable notice of the intention to amend the contract or agreement, and has been invited to submit representations to the

municipality.

SECTION 117: COUNCILLORS BARRED FROM SERVING ON MUNICIPAL TENDER COMMITTEES

No councillor of any municipality may be a member of a municipal bid committee or any other committee evaluating or approving tenders, quotations, contracts or other bids, nor attend any such meeting as an observer.

**4..13**

**4..14**

**4..15 SECTION 118: INTERFERENCE**

No person may interfere with the supply chain management system of the municipality, or amend or tamper with any tenders, quotations, contracts or bids after their submission.

SECTION 119: COMPETENCY LEVELS OF OFFICIALS INVOLVED IN

**4..16 MUNICIPAL SUPPLY CHAIN MANAGEMENT (EFFECTIVE 1 JULY 2006)**

The accounting officer and all other officials of the municipality involved in the implementation of the supply chain management policy must meet the prescribed competency levels. The municipality must provide resources or opportunities for the relevant training of the officials referred to in order to ensure that the prescribed competency levels are met.

**ANNEXURE “E”**

**THE NATIONAL TREASURY**



## **MUNICIPALITY / MUNICIPAL ENTITY**

### **CODE OF CONDUCT FOR SUPPLY CHAIN MANAGEMENT PRACTITIONERS AND OTHER ROLE PLAYERS**

In accordance with regulation 46(4) and 46(5) of the Local Government Municipal Finance Management Act, 2003: Municipal Supply Chain Management Regulations, the supply chain management policy of a municipality or municipal entity is required take into account the National Treasury's code of conduct for supply chain management practitioners and other role players. Alternatively a municipality or municipal entity may adopt the National Treasury code of conduct. When adopted, such code of conduct becomes binding on all officials and other role players involved in the implementation of the supply chain management policy of the municipality or municipal entity.

The purpose of this Code of Conduct is to promote mutual trust and respect and an environment where business can be conducted with integrity and in a fair and reasonable manner.

#### **3.1**

##### **3.1 1 General Principles**

- 1.1 The municipality commits itself to a policy of fair dealing and integrity in the conducting of its business. Officials and other role players involved in supply chain management (SCM) are in a position of trust, implying a duty to act in the public interest. Officials and other role players should not perform their duties to unlawfully

gain any form of compensation, payment or gratuities from any person, or provider/contractor for themselves, their family or their friends.

- 1.2 Officials and other role players involved in SCM should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation, policies and guidelines. They should ensure that public resources are administered responsibly.
- 1.3 Officials and other role players involved in SCM should be fair and impartial in the performance of their functions. They should at no time afford any undue preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority vested in them.

### **3.1 2 Conflict of interest**

- 2.1 An official or other role player involved with supply chain management –
  - (a) must treat all providers and potential providers equitably;
  - (b) may not use his or her position for private gain or to improperly benefit another person;
  - (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
  - (d) must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
  - (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process, or in any award of a contract by the municipality;
  - (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
  - (g) must declare any business, commercial and financial interests or activities undertaken for financial gain that may raise a possible conflict of interest;
  - (h) should not place him/herself under any financial or other obligation to outside individuals or organizations that might seek to influence them in the performance of their official duties; and
  - (i) Should not take improper advantage of their previous office after leaving their official position.

### **3.1 3 Accountability**

- 3.1 Practitioners are accountable for their decisions and actions to the public.
- 3.2 Practitioners should use public property scrupulously.
- 3.3 Only accounting officers or their delegates have the authority to commit the to any transaction for the procurement of goods and / or services.
- 3.4 All transactions conducted by a practitioner should be recorded and accounted for in an appropriate accounting system. Practitioners should not make any false or misleading entries into such a system for any reason whatsoever.
- 3.5 Practitioners must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system.
- 3.6 Practitioners must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including
  - (i) Any alleged fraud, corruption, favouritism or unfair conduct;
  - (ii) Any alleged contravention of the policy on inducements, rewards, gifts and favours to municipalities or municipal entities, officials or other role players; and
  - (iii) Any alleged breach of this code of conduct.
- 3.7 Any declarations made must be recorded in a register which the accounting officer must keep for this purpose. Any declarations made by the accounting officer must be made to the mayor who must ensure that such declaration is recorded in the register.

#### **3.1 4 Openness**

- 4.1 Practitioners should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only if it is in the public interest to do so.

#### **3.1 5 Confidentiality**

- 5.1 Any information that is the property of the municipality or its providers should be protected at all times. No information regarding any bid / contract / bidder / contractor may be revealed if such an action will infringe on the relevant bidder's / contractors personal rights.

- 5.2 Matters of confidential nature in the possession of officials and other role players involved in SCM should be kept confidential unless legislation, the performance of duty or the provisions of law requires otherwise. Such restrictions also apply to officials and other role players involved in SCM after separation from service.

*4..3.1.1 6 Bid Specification / Evaluation / Adjudication Committees*

- 6.1 Bid specification, evaluation and adjudication committees should implement supply chain management on behalf of the municipality in an honest, fair, impartial, transparent, cost-effective and accountable manner.
- 6.2. Bid evaluation / adjudication committees should be familiar with and adhere to the prescribed legislation, directives and procedures in respect of supply chain management in order to perform effectively and efficiently.
- 6.3 All members of bid adjudication committees should be cleared by the accounting officer at the level of "CONFIDENTIAL" and should be required to declare their financial interest annually.
- 6.4 No person should-
- 6.4.1 interfere with the supply chain management system of the municipality; or
- 6.4.2 Amend or tamper with any price quotation / bid after its submission.

7 Combative Practices

- 7.1 Combative practices are unethical and illegal and should be avoided at all cost. They include but are not limited to:
- (i) Suggestions to fictitious lower quotations;
  - (ii) Reference to non-existent competition;
  - (iii) Exploiting errors in price quotations / bids;
  - (iv) Soliciting price quotations / bids from bidders / contractors whose names appear on the Register for Tender Defaulters.



**ANNEXURE “F”**

**GUIDELINES FOR MUNICIPAL  
BID ADJUDICATION COMMITTEES**

**MUNICIPAL SUPPLY CHAIN MANAGEMENT**

**1 Introduction**

These guidelines explain the mandate, role, function, composition, duties, meeting procedures and conduct of Municipal Supply Chain Management (SCM) Bid Adjudication Committees. These guidelines are supplementary to the Code of Conduct required by section 69 of the Municipal Systems Act as well as the Code of Conduct for Supply Chain Management Practitioners and other role players, required by regulation 46 of the Municipal Supply Chain Management Regulations and issued on 25 August 2005 as part of MFMA Circular number 22.

It is also important to read this guide in conjunction with the “Supply Chain Management: A Guide for Accounting Officers of Municipalities and Municipal Entities – October 2005” available on the National Treasury website [www.treasury.gov.za/mfma/guidelines](http://www.treasury.gov.za/mfma/guidelines)

**2 Mandate, role and function of the Bid Adjudication Committee**

Sections 79 and 106 of the MFMA empower accounting officers to delegate powers or duties to an official to assist the accounting officer in ensuring the achievement of the aims of a specific provision of the MFMA.

Chapter 11 of the MFMA prescribes that municipalities/ municipal entities must have and maintain a supply chain management (SCM) system that is fair, equitable, transparent, competitive and cost-effective.

Regulation 26 of the Municipal SCM Regulations stipulates that a municipality's/municipal entity's SCM system must provide for a committee system for competitive bids consisting of at least a bid specification, bid evaluation and bid adjudication committee.

Regulation 29 further stipulates that the Bid Adjudication Committee must consider the recommendations/reports of the Bid Evaluation Committee and, depending on the delegated powers, make:

- a final award; or
- a recommendation to the accounting officer to make a final award; or
- another recommendation to the accounting officer on how to proceed with the relevant procurement.

The Bid Adjudication Committee must ensure that:

- all necessary bid documents have been submitted;
- disqualifications are justified and that valid and accountable reasons / motivations were furnished for passing over of bids;
- scoring has been fair, consistent and correctly calculated and applied; and
- declarations of interest have been taken cognizance of.

If a bid other than the one recommended by the Bid Evaluation Committee is approved by the Bid Adjudication Committee, the accounting officer, or a senior official delegated by the accounting officer, must first be notified. The accounting officer or the delegated official may, after consideration of the reasons for the deviation, ratify or reject the decision of the Bid Adjudication Committee. If the decision of the Bid Adjudication Committee to approve a bid other than the one recommended by the Bid Evaluation Committee is ratified, the Auditor-General, the relevant provincial treasury and the National Treasury and, in the case of a municipal entity, the parent municipality must be notified of the reasons for deviating from such recommendation.

The accounting officer or his/her delegate may at any stage refer any recommendation made by the Bid Evaluation Committee or the Bid Adjudication Committee back to the respective committee for reconsideration.

The Bid Adjudication Committee must also consider and rule on all recommendations/reports regarding the amendment, variation, extension, cancellation or transfer of contracts awarded.

The Bid Adjudication Committee may also, if and when required to do so, consider for approval the recommendations of the Bid Specification Committee in order to ensure that:

- the need forms part of the strategic goals and objectives contained in the municipality's Integrated Development Plan (IDP)
- a proper and unbiased specification is compiled for the specific requirement;
- proper Terms of Reference are drawn up for the service required clearly indicating the scope of the requirement, the ratio between price and functionality, the evaluation criteria as well as their weights and values;
- strategic sourcing principles were applied and that the market was properly researched and analyzed (refer to pages 22, 25 and 26 in the Supply Chain Management: A Guide for Accounting Officers of Municipalities and Municipal Entities - October 2005);
- the necessary funds are available in the approved budget;
- if and when applicable, in addition to the General Conditions of Contract, appropriate Special Requirements and Conditions of Contract are specified;
- the preference point system and appropriate goals are identified and points allocated for these goals, consistent with the requirements of the Preferential Procurement Regulations; and
- where appropriate, ranges have been set (indicating breakdown of the points / percentages as provided for in the relevant sliding scales for the selected specified goals).

In order to meet their obligations, committee members must be familiar with and adhere to all relevant SCM legislation, policy, guides and circulars.

The integrity of supply chain practitioners must never be compromised and the highest level of professional competence must be maintained. Furthermore, courteous conduct is expected of all committee members.

Each member as well as all officials rendering administrative support must sign an Attendance Register and Undertaking of Confidentiality and Impartiality declaration form at each Bid Adjudication Committee meeting (see Appendix 1). Members are to declare that they will:

- accept the confidentiality of the meeting;
- not make known anything regarding the meeting, unless officially authorized; and
- not purposefully favour or prejudice anybody.

3 Composition of the Bid Adjudication Committee and the appointment of members

Bid Adjudication Committees are appointed in writing by the accounting officer and the accounting officer will determine the term of office for members. Such a committee must consist of at least four senior managers constituted as follows:

Chairperson: where possible, the chairperson should be the Chief Financial Officer.

Vice chairperson: the vice-chairperson should be a senior manager (as referred by section 56 of the Municipal Systems Act) or an official who reports directly to a senior manager.

Other Members: the committee should be composed of cross-functional teams comprising senior officials of whom at least one must be a supply chain practitioner. Where considered necessary, additional officials or advisors may be co-opted on account of their specialized knowledge. Such co-opted officials or advisors may not form part of the final decision-making process.

Secretariat: an official from the municipality's / municipal entity's bid administration section should be made available to act as secretary, as required.

Quorum: the Bid Adjudication Committee cannot undertake business without a quorum present, consisting of half plus one of its total memberships with voting power (rounded to the nearest whole number). For example, if there are four members in total, the quorum required is three members.

Secondee: for the purpose of continuity and not to delay meetings, the accounting officer may also appoint secondee to temporarily replace members that are absent from meetings due to illness, leave, etc. The accounting officer will also decide whether or not such secondee will have the same powers as members.

4 Duties and powers of the various committee members

4.1 Chairperson

The chairperson:

- has a casting vote as well as a deliberate vote;
- retains all his/her rights as a member;
- may adjourn a meeting;
- may rule on points of order which will be final;
- may withdraw any proposal or other matters under discussion before it is put to the vote; and
- convene extraordinary committee meetings on request.

The chairperson shall:

- maintain order during a meeting and ensure that business is conducted in an orderly manner;
- before opening a meeting, ensure that a quorum is present;
- protect the rights of every member;
- vacate his / her seat to the vice chairperson, should he/she wish to partake in a discussion in a partial manner;
- ensure all members have opportunity to speak on any matter before the committee;
- deal with items in sequence of the agenda;
- ensure that members know exactly what they are required to vote on;
- ensure that only one member holds the floor at any one time;
- provide guidance by directing the meeting, but shall not dominate;
- conduct meetings in a formal manner; and
- formulate clearly the decisions to be minuted and sign and approve the minutes after they have been verified by the committee as a true and correct record of the meeting.

#### 4.2 Vice-chairperson

The vice-chairperson has the same powers and duties as those of members and in addition, where necessary, shall –

- in the absence of the chairperson, preside as chairperson; and
- take the seat of and act as chairperson, should the chairperson have a conflict of interest in any matter being considered.

In the event that both the chairperson and vice-chairperson are absent from a meeting, the members present may elect one of their members to preside at such meeting.

#### 4.3 Secretary

The secretary shall –

- in conjunction with the chairperson/ vice chairperson compile an agenda and determine dates of meetings;
- give notice of proposed meetings to committee members;
- process and distribute all submissions/reports together with the agenda to committee members at least three working days before the actual meeting takes place;
- minute all decisions taken at meetings;
- adhere strictly to the stipulations of the National Archives of South Africa Act, No. 43 of 1996 and accompanying directives;
- ensure that the proceedings at meetings are recorded appropriately (e.g. tape);
- give written feedback of all decisions taken by the committee; and
- be responsible for all the administrative tasks of the committee.

#### 4.4 Members

Members of the Committee shall –

- be fully conversant with the powers and limitations of the committee as well as all directives pertaining to supply chain management, including the relevant sections of the Constitution, Municipal Finance Management Act and accompanying Regulations, Preferential Procurement Policy Framework Act and accompanying Regulations, Broad Based Black Economic Empowerment Act and its related strategy, all directives issued by the National Treasury / relevant provincial treasury as well as the delegated powers issued by the accounting officer and at all times act in accordance with above-mentioned legislation, regulations and procedures;
- apply their minds to matters at hand in order to take meaningful and accountable decisions and in the event of doubt or uncertainty, to propose that matters be referred back for clarification;
- in advance, furnish a written apology when unable to attend a meeting;
- strive to be punctual for meetings and to stay for the duration of a meeting;
- prepare properly for each meeting by studying the agenda and submissions/reports;
- be familiar with meeting procedures in order to make a contribution in the correct manner; and
- refrain from repetition and duplication of contributions by other members.

Members have the right to –

- have advance knowledge of the agenda;
- submit proposals and participate in proceedings;
- vote; and
- have a dissenting voice and have the reasons thereof recorded.

#### 4.5 Co-opted members/advisors

Co-opted members/advisors have the same powers and duties as members, excluding the right to vote on any matter under discussion.

Members of the Bid Evaluation Committee may present their recommendations / reports to the Bid Adjudication Committee and clarify any issues but shall not have any voting powers.

#### 4.6 Observers

The chairperson may, on request, allow officials to attend a meeting as observers. Observers have no participation in the proceedings, except to advise the representative (member) or the committee if permitted by the chairperson. Observers should be cautioned to maintain the confidentiality of the discussions.

### 5. Meeting procedures

#### 5.1 Notice of meetings

The agenda of a meeting serves as the programme of the meeting and unless the committee decides otherwise, the items and sequence may not be changed during the meeting.

In order to afford members the opportunity to prepare for the meeting, the agenda shall be made available to members at least three working days before the actual meeting.

#### 5.2 Submissions/reports to the Committee

All submissions/reports to the Committee must be in writing, substantiated and channeled through the Bid Specification Committee or Bid Evaluation Committee.

### 5.3 Minutes

The minutes will be the written record reflecting in a brief, clear and impartial manner the decisions of the committee. The signed minutes will serve as proof of the decisions of the committee.

Should a member wish to have a specific matter other than a decision recorded, it must be specifically requested. A member's reasons for a dissenting voice must also be recorded.

Proceedings are also recorded (e.g. tape) to enable the secretary to prepare verbatim reports when required by a court of law. Further details on requirements for the recording of meetings can be found in the National Archives of South Africa Act, No. 43 of 1996 and accompanying directives.

### 5.4 Attendance register and undertaking of confidentiality and impartiality

Members will be required to sign a combined Attendance Register and Undertaking of Confidentiality and Impartiality declaration at each meeting (see Appendix 1). This must be retained and form part of the committee minutes.

### 5.5 Conflict of interest

Where a member of a Bid Adjudication Committee has a conflict of interest with any item to be considered by the committee, it is imperative that this be recorded in the minutes and the member vacates the meeting room prior to any discussion. An example minute could read as follows:

"[member's name] declared an interest in the following item and vacated the meeting room at [insert exact time]

Insert minutes of item under discussion showing resolution/decision of the committee accordingly

At the conclusion of the discussion [member's name] was invited to return to the meeting room at [insert exact time]"



#### 5.6 Gift register

The SCM Regulations stipulate that no official or other role player involved in SCM may accept any gift, reward, favour, hospitality or other benefit promised directly or indirectly, including to any close family member, partner or associate. Furthermore any official or other role player must declare any gift, reward, favour, hospitality or other benefit promised, offered or granted to that member or to a close family member, partner or associate of that member from suppliers or potential suppliers, irrespective of the value of such a gift.

Each declaration from a member of the committee should be recorded in the minutes of the committee and must be reported to the accounting officer for entry into the register which the accounting officer must keep for this purpose.

Further information on conflict of interest, gifts and the register is provided in regulation 46 of the Municipal Supply Chain Management Regulations.

#### 5.7 Chairperson

Each meeting will be presided over by the chairperson. In the absence of the chairperson, the vice-chairperson will preside as chairperson, in which case he/she will occupy the chair for the duration of the meeting, even if the chairperson should arrive during the course of the meeting.

Every member attending the meeting owes respect to the chairperson and may be removed if that person does not respect the authority of the chair.

#### 5.8 Point of order

A member may speak on a point of order only if he/she is of the opinion that there has been a departure from the rules of order, e.g. an objection against improper language used, that a speaker has transgressed, etc.

### 6. Conduct of Committee Members

#### 6.1 Rights and responsibilities of committee members

A member's conduct at the meeting must not infringe on the rights of others. The rules of conduct are based on mutual respect for the rights of each other and respect for the purpose of the meeting.

Members must accept that –

- the chairperson must be respected;
- the chairperson has the right to interrupt and ask a member to stop speaking if the address is repetitive or irrelevant to the matter under discussion;
- a member must stop speaking if ruled out of order by the chairperson;
- decisions are taken by general consensus or by a majority show of hands when a matter is decided upon by voting;
- once a decision has been taken it is final and not open for discussion unless additional information which was not available at the time of decision making can be produced;
- information and documentation are confidential;
- a member (including the chairperson or vice-chairperson) shall beforehand declare his/her interest regarding any matter serving before the Committee and the member will then excuse her/himself and vacate the meeting room during the discussion of that matter. No discussion by the member concerned will be allowed prior to the serving of that submission/report and such a member may not retain that specific submission/report. Any personal interest that may infringe, or might reasonably be deemed to infringe on a member's impartiality in any matter relevant to their duties must be recorded;
- outvoted members must abide by the majority decision of the Committee; and
- no communication should be made with a bidder/contractor by any member prior to or after any meeting.

[illegible]

Ventersdorp Local Municipality Approved Budget 2010/2011 MTREF

---


## **VENTERSDORP LOCAL MUNICIPALITY**



## **ASSET MANAGEMENT POLICY**

**2010/2011MTEF**

***Contents:***

1. Policy Objective
2. Statement
3. Aim
4. Principles
5. Definitions
6. Responsibility and Accountabilities
7. Financial Management
8. Control and utilization of assets
9. Statutory and regularity framework

## **1. POLICY OBJECTIVE**

The objective of this policy is to ensure the effective and efficient control, utilization, safeguarding and management of property, plant and equipment of the Municipality.

The further objective is to ensure that the asset manager is aware of his responsibilities and duties in regards of property, plant and equipment.

## **2. STATEMENT**

The municipality believes that an asset management policy is essential to ensure effective and efficient acquisition and utilization of public monies and accountability thereof is heavily dependent upon accurate recording and accounting.

## **3. AIM**

This policy lay down broad guidelines for consistent, effective and efficient asset management principles for the municipality.

## **4. PRINCIPLES**

Specifying Council's practice regarding accounting for assets and inventory

Ensure consistency in accounting treatment.

Ensure safeguarding all assets and inventory of the Council and the effective use of existing resources.

Emphasize a culture of accountability over assets and inventory.

Ensure that effective controls are in place.

Ensure that an updated register is kept of all the Council's assets and inventories.

Ensure compliance with all legal prescriptions and requirement.

## 5. Definitions

Consistent definitions are essential for good asset management and reporting. For the purpose of this policy, the following words will have the meanings as set out

**AFF (Asset Financing Fund)** - This is an internal statutory fund which is cash based and which is specifically used to purchase assets.

An **asset** is a resource controlled by the municipality as a result of past events from which economic benefit or potential service provisions are expected to flow to the municipality.

### **Asset categories:**

**Infrastructure Asset** are any asset that is part of a network of similar assets, i.e. roads, sewerage purification plants water reticulation schemes

**Community Assets** are any asset that contributes to the community's well being, i.e. parks, libraries.

**Heritage Assets** are culturally significant resources, i.e. works of art, historical buildings and statues.

**Investment Properties** are properties that are acquired for economical and capital gains, i.e. offices, parks and underdeveloped land acquired for the purpose of resale in future years.



**Other assets** are assets utilized in normal operations, i.e. plant and equipment, motor vehicles and furniture and fittings.

**Asset Manager:**

The manager referred to above, is someone reporting directly to the Chief Finance Officer and has the functional accountabilities for the physical management of a particular set of assets in order to achieve the municipal strategic objectives relevant to the directorate. The execution of this responsibility will require the asset manager to control the acquisition, utilization, management and disposal of this set of assets to optimize the achievement of these objectives.

**Asset Register:**

An asset register is an accounting record which contains relevant physical and financial details relating to assets.

**Capitalization:**

Recognition of expenditure as an asset in the asset register.

**Carrying Value:**

This is the amount at which an asset is included in the balance sheet after deducting any accumulated depreciation thereof.

**Cost:**

The cost of an asset is the amount of cash or equivalents paid or the fair value of the assets given as consideration plus costs incidental to the acquisition including transport costs, installation costs and applicable overheads.

**EFF (External Financing Fund)**

This is a collective fund of all external loans taken up and which is used to finance assets.

**Depreciation:**

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

**Historical Value:**

This refers to the original cost of acquisition or construction.

**Property, Plant and Equipment**

Are tangible assets held by the Municipality for use in the production or supply of goods or services, for rental to others or for administrative purposes and are expected to be used for more than one period.

**Residual Value**

This is the net amount that the Municipality expects to obtain for an asset at the end of its useful life after deducting the expected cost of disposal.

**Useful Life**

Useful life of an asset is either:

The period of time over which an asset is expected to be used by the Municipality,

OR

The number of production or similar units expected to be obtained from the asset by the Municipality.

**6. RESPONSIBILITY AND ACCOUNTABILITY**

The Municipal Manager is responsible for management of assets of the municipality, including the Safeguard and the maintenance of those assets and must ensure that:

- The Municipality has and maintains a management, accounting and information system that accounts for the assets of the Municipality, and
- The assets are valued in accordance with standards of generally recognized accounting practice (GRAP);
- The Municipality has and maintains a system of internal control of assets, including an assets register;
- The senior managers and their teams comply with this policy.
- The Chief Financial Officer is responsible to the Municipal Manager to ensure that the financial Investment in assets are safeguarded and is responsible that:
  - An appropriate system of financial management and internal control are established and operated diligently.
  - The financial and other resources of the municipality are utilized effectively, effectively, economically and transparently;
  - Any unauthorized, irregular or fruitless or wasteful expenditure, and losses resulting from criminal or negligent conduct, are prevented;
  - The systems, processes and registers required to substantiate the financial values of the municipalities' assets are maintained at standards sufficient to satisfy the requirements of the Auditor- general.
  - Financial processes are established and maintained to ensure that the municipality's financial resources are optimally utilized through an appropriate asset plan,

budgeting, purchasing, maintenance and disposal decisions.

- The Directors and assets Managers are appropriately advised on their powers and duties pertaining to the financial administration of assets;
- The policy and supporting procedures or guidelines are established, maintained and effectively communicated.
- The CFO may delegate or otherwise assign responsibilities for performing these related functions to remain accountable for ensuring these activities are performed.
- To approve the temporary or permanent transfer of a movable assets between departments as determined in the written "Delegation of Authority to officials" of the municipality"

**The Asset Manager must ensure that:**

- An appropriate physical management and control system are established and maintained for all assets in their area of responsibility;
- The municipal resources assigned to them are utilized effectively, efficiently, economically and transparently;
- Any unauthorized, irregular or fruitless expenditure or wasteful utilization and losses of assets resulting from criminal or negligent conduct, are prevented.
- The asset management and control system can provide an accurate, reliable and up to date account of assets under their control.
- Be able to justify that his/her asset plan, budgets and purchasing, maintenance and disposal decision to optimally reach the municipality's strategic control.

- When assets under the control of Directors have been sold, demolished, destroyed or damaged or any other event materially affecting its value a report explaining in detail must be writing and presented to the Chief Financial Officer.
- The asset manager may delegate or otherwise assign responsibility to an assets champion for performing these functions but the asset manager will remain accountable for ensuring that these activities are performed.
- The Municipal Manager shall approve the temporary or permanent transfer of a movable asset between departments as determined in the “Delegation of Authority to officials of the municipality”

## **7. FINANCIAL MANAGEMENT**

### **7.1 Pre-Acquisition Planning**

Before a capital project is included in the draft municipal budget for approval, the Asset Manager must prove that he/she has considered:

- The projected acquisition and implementation cost cover all the financial years until the project is operational;
- The future operational costs and revenue on the project, includes tax and tariff implications;
- The financial sustainability of the project over its economic life span including revenue generation and subsidization requirements;
- The physical sustainability and financial stewardship of the asset through all stages in its economical life span including acquisition, installation, maintenance, operations, disposal and rehabilitation;
- The inclusion of the capital project in the Integrated Development Plans and future budgets; and

- The Chief Finance Officer is accountable to ensure that the Assets Manager receive all reasonable assistance, guidance and explanation to enable him to achieve his planning requirements.

## **7.2 Approval to Acquire Property, Plant and Equipment**

Funds can only be invested with a capital project if:

- They have been appropriated in the capital budget;
- The project, together with the total project cost, has been approved by the Council;
- The Chief Finance Officer confirms that funding is available for that specific project; and
- Any contract that will impose financial obligation more than two years beyond the budget year is appropriately disclosed.

## **7.3 Funding of Capital Projects**

Within the Municipality's ongoing financial, legislative or administrative capacity, the Chief Finance Officer will establish and maintain the funding strategies that optimize the Municipality's ability to achieve its strategic objectives as stated in the Integrated Development Plan.

## **7.4 Capitalization of Assets**

- Assets will only be capitalized in the assets register on completion or finalization of the project.
- Projects to be completed over more than one financial year will be initially disclosed in the asset register and financial statements as work in progress where after only on completion the asset will be capitalized and depreciated.
- Assets will be recorded in the asset register bi-annually on completion thereof and bar coded with an aluminium label where appropriate as identification.

- The cost of acquisition will include all expenditure needed to bring the asset at the condition and position for its intended use which usually include the following:
  - Purchase costs ( Less any discounts given)
  - Delivery cost
  - Installation cost
  - Professional Fees for architects and Engineers
  - Import duties
  - Non-refundable taxes
  - Site development cost
  - Contract fees

## **7.5 Assets Grouped by Value**

- Assets with a value below R 5000-00
  - Assets acquired in this range will be considered inventory and must provide for in the operating budget.
  - These items will not be capitalized as an asset but an Inventory List must be kept to exercise the necessary control over it.
- Asset with a value exceeding R 5000-00
  - Assets acquired in this range will be considered Capital Assets and will be financed from the AFF or EFF.
  - These Assets will be capitalized and depreciated over their useful lives and be recorded in the Asset Register.

## **7.6 Depreciation of Assets**

- An item of Property, Plant and Equipment depreciates over its useful life.
- The depreciation for each period should be recognized as an expense against the relevant services.

- All Property, Plant and Equipment will carry a residual value of R 1 for record purposes.
- The straight line method of depreciation will be used for all assets of Council.
- Where the useful life of a fixed asset gets increased or the capacity thereof extended and such improvements gets capitalized against the fixed asset concerned, the cost of the improvements will be depreciated over the remaining life of the asset.
- Depreciation on the asset will annually be written off once at the end of the financial year.
- Only assets with a value exceeding R 5000-00 will be depreciated over their useful lives.
- The prescribed table must be used to determine the useful lives of assets:

#### **7.7 Disposal of Assets**

An item of Property, Plant and Equipment should be eliminated from the balance sheet on disposal or when the asset is permanently withdrawn from use and no future economic benefits or potential service delivery are expected from when it is disposed of.

Gains and losses arising from the retirement or disposal of an item of property, plant and equipment should be determined as the difference between the actual or estimated net disposal proceeds and the carrying amount of the asset, and should be recognized as revenue or expense in the income statement.

Should there be gain from the sale of assets a corresponding transfer will be made to the Asset Financing Fund from the income statement.



Asset Manager should identify obsolete and redundant assets once per financial year and obtain the necessary approval from Council prior to the disposal thereof.

Obsolete assets are disposed of via a public auction or public tender once per financial year to ensure the disposal is fair, equitable, transparent and competitive and in line with the promulgated Regulations regarding the calling of tenders and the Dispensing of Tender Regulations.

All vehicles will be sold as registered vehicles in their present condition.

In the case of an asset being identified as obsolete or redundant, but the asset has not yet been fully depreciated; the outstanding depreciation will be expensed in the financial year when the item is disposed of.

## **8. Control and utilization of assets**

### **8.1 Establishment of Management of the Financial Asset Register**

- The chief Financial Officer will establish and maintain the Asset Register containing key financial data on each item of Property, Plant and Equipment that satisfies the criterion for recognition as per accounting standards.
- Asset Manager is responsible to ensure that sufficient controls exist to substantiate the quality, value, location and condition of all assets in the asset register.
- Asset Manager is appointed as an Asset Champion in each Department and will be responsible to ensure that the inventory lists are verified and kept up to date in collaboration with the Chief Finance Officer.

### **8.2 Contents of the Financial Assets Register**

The details included in the Asset Register will include:

- ✓ The depreciation methods used
- ✓ The useful live
- ✓ Depreciation charge
- ✓ The carrying amount
- ✓ The accumulated depreciation
- ✓ Additions, disposals and transfers
- ✓ Date of acquisition
- ✓ Date of disposal ( if relevant)
- ✓ Increase or decrease resulting from revaluation ( if relevant)
- ✓ Source of finance
- ✓ Asset description
- ✓ Location
- ✓ The responsible person
- ✓ Historical cost of the asset
- ✓ Asset classification

### **8.3 Internal controls over the Financial Asset Register**

Controls around the asset register should be sufficient to provide an accurate, reliable and up to date account of assets under their control to the standards specified by the Chief Financial Officer and required by the auditor-general.

#### **8.3.1 Transfers, Reallocation or Reassignment of Property, Plant and Equipment.**

- An Asset Manager retains management accountability and control for a particular asset.
- The Asset Manager must advice the Chief Finance Officer on the prescribed form whenever an asset is permanently or temporarily reallocated or reassigned from one location to another.
- The Chief Finance Office will appropriately amend the Asset Register with all approved transfers.

- Assets must solely and exclusively be used for the purpose of the Council's business.

#### **8.4 Inventories**

- An asset manager must ensure that all departments keep inventories of all Property, plant and Equipment which are not recorded in the asset register and which sort under assets with a value of less than R 5000-00 as referred to under point 7.5.
- Within the first three months of each financial year these inventories must be verified and copies of them be submitted to the Chief Finance Officer.
- If any asset in the aforesaid inventories is found not in a department's possession, the head of that department shall include a statement of facts relevant to such a shortage in a report to the Chief Finance Officer.

### **9. Statutory and regulatory framework**

This policy must comply with all relevant legislative requirements including:

- The constitution of the Republic of South Africa, 1996
- Municipal Structures Act 117 of 1998
- Municipal Systems Act 32 of 2000
- Municipal Finance Management Act 56 of 2003

The policy must further comply with the Accounting Standards prescribed by the Accounting Standards Board. The latest recognized accounting standards on Asset Management is

- GRAP 17- Property, Plant and Equipment

**10. Annual Review of the policy**

This policy will be updated annually or whenever legislative or accounting standards amendments significantly change the requirements pertaining to asset management in general and the administration of property, plant and equipment at a sooner event.

# VENTERSDORP LOCAL MUNICIPALITY



## BAD DEBT WRITE-OFF POLICY

2010/2011 MTEF

**VENTERSDORP LOCAL MUNICIPALITY**

**BAD DEBT WRITE-OFF POLICY**

**TABLE OF CONTENTS**

PART 1: PREAMBLE

PART 2: OBJECTIVE

PART 3: REASONS FOR WRITE-OFF OF BAD DEBT

PART 4: PROCEDURE FOR WRITING OFF BAD DEBT

PART 5: PROVISION FOR BAD DEBT

PART 6: SHORT TITLE

PART 7: ENFORCEMENT/IMPLEMENTATION

## **PART 1: Preamble**

Section 64 (2) (a) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) requires that, in managing the revenue of the municipality, the municipal manager should take all reasonable steps to ensure that the municipality has effective revenue collection systems consistent with the Municipal Systems Act, 2000 (Act No. 32 of 2000) and the municipality's credit control and debt collection policy.

Section 96 (a) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) requires that a Municipality must collect all money that is due and payable to it subject to the Act and any other applicable legislation.

## **PART 2: Objectives**

The objective of this Policy is to set out the factors that may be considered by Ventersdorp Local Municipality in determining irrecoverable or bad debt and to outline procedures for writing off such irrecoverable or bad debt.

## **PART 3: Reason for write off of Bad Debt.**

Debt owed to the Municipality will be regarded as irrecoverable or bad and written off in the following instances:

### **3.1 The consumer is untraceable**

The Municipality must take all reasonable steps to trace the debtor and collect the debt owed to the municipality. A reasonable effort to trace the debtor will include, but is not limited to, the following:

- (a) Utilising all available information on the municipality's records;
- (b) Utilising the telephone directory to locate the debtor; and
- (c) Contacting the following institutions or persons in order to locate the debtor:

- The Department of Home Affairs;
- The South African Revenue Service;
- Officials and/or colleagues at the debtor's last place of employment.

The Municipal Manager shall consider all other economically viable avenues for debt recovery, including the use of tracing agents.

If the debtor cannot be traced after all reasonable steps have been taken, a submission shall be made to council requesting a write-off of the debt.

The submission must highlight all steps taken to trace the debtor and must show that it would be uneconomical to take any further step.

### **3.2 Prescription of debt**

In terms of the Prescription Act, 1969 (Act No. 68 of 1969), a debt prescribes when payment thereof has not been demanded within certain periods of prescription. The municipality cannot legally enforce payment of a debt once the prescribed period has elapsed.

The period of prescription is interrupted and prescription begins to run anew if-

- a) Payment of the debt is demanded by a registered letter of demand, for which proof of receipt has been obtained;
- b) Payment of the debt is demanded by the issue and service of summons;
- c) The debtor acknowledges the liability; and/or
- d) The debtor commences payment of the debt.

Section 11 of the Prescription Act, 1969 (Act 68 of 1969) specifies the periods of prescription of debts as follows:

(a) **Thirty years** in respect of-

- i. any debt secured by a mortgage bond;
  - ii. any judgement debt;
  - iii. any debt in respect of any taxation imposed or levied by or under any law;
- and



- iv. any debt owed to the State in respect of any share of profits, royalties or any similar consideration payable in respect of the right to mine minerals or other substances.

(b) **Fifteen years** in respect of any debt owed to the State and arising out of an advance or loan of money or a sale or lease of land by the State to the debtor, unless a longer period applies in respect of the debt in question in terms of paragraph (a) above.

(c) **Six years** in respect of a debt arising from a bill of exchange or other negotiable instrument or from a notarial contract, unless a longer period applies in respect of the debt in question in terms of paragraph (a) and (b) above.

(d) **Three years** in respect of all other debts, save where an Act of Parliament provides otherwise.

### **3.3 Insolvent estate**

The consumer is insolvent (bankrupt) if his/her liabilities exceed his/her assets and upon sequestration, a trustee is appointed by a High Court to take control of the insolvent estate.

The Municipality's claim against an insolvent estate or an estate that is being administered as insolvent cannot be paid if there are no liquid assets in the insolvent estate to cover the debt.

### **3.4 Debt that cannot be proved.**

Debt for which no source documentation is available to substantiate or prove the claim, the Municipal Manager must have satisfied him/her that all reasonable steps have been taken to locate the source document.

## **PART 4: Procedure for writing of Bad Debt.**

A submission must be made to Council requesting the write-off of the debt.

The submission must contain the following information:

- a) the name, address, amount and relevant particulars of the debt;
- b) the nature of the debt and the date incurred;
- c) an outline of measures taken to collect the debt;
- d) reason(s) why the debt is deemed to be irrecoverable or bad;
- e) recommendation that the debt be written off;
- f) the vote or account classification against which the write-off must be charged.

All debts written off must be disclosed in the Municipality's Annual Financial Statements.

#### **PART 5: Provision for Bad Debt.**

Provision for irrecoverable or bad debt will constitute accounts that are 120 days and more in arrears where there was no payment for 12 months.

The Provision for Bad Debt general ledger account shall be adjusted with the provision amount at the year-end and supported with sufficient documentation for audit purposes.

#### **PART 6: SHORT TITLE**

This policy is the Bad Debt Write-Off Policy of the Ventersdorp Local Municipality.

#### **PART 7: ENFORCEMENT/IMPLEMENTATION**

The Policy will be implemented upon approval from Council

# VENTERSDORP LOCAL MUNICIPALITY



## CREDIT CONTROL AND DEBT COLLECTION POLICY

2010/2011 MTEF



**VENTERSDORP LOCAL MUNICIPALITY**

**CREDIT CONTROL AND DEBT COLLECTION POLICY**

**TABLE OF CONTENTS**

PART 1:	LEGISLATIVE CONTEXT
PART 2:	OBJECTIVES
PART 3:	SCOPE
PART 4:	EXPECTED DEBT RECOVERY LEVELS
PART 5:	ROLE OF MUNICIPAL MANAGER
PART 6:	ROLE OF COUNCILLORS
PART 7:	SERVICE CONTRACT
PART 8:	PAYMENT OF DEPOSITS
PART 9:	ACCESS TO PROPERTY TO READ METERS
PART 10:	ACCOUNTS, BILLING AND PAYMENT
PART 11:	NOTICE OF DEFAULT AND INTENDED TERMINATION OR RESTRICTION OF SERVICES

PART 12: INTEREST ON ARREARS AND OTHER PENALTY CHARGES

PART 13: RECONNECTION OR REINSTATEMENT OF TERMINATED OR  
RESTRICTED SERVICES

PART 14: PERIOD FOR RECONNECTION OR REINSTATEMENT

PART 15: ILLEGAL RECONNECTIONS

PART 16: SERVICES NOT RECONNECTED OR REINSTATED AFTER  
FOUR WEEKS

PART 17: AGREEMENTS AND ARRANGEMENTS FOR PAYMENT OF  
ARREAR ACCOUNTS

PART 18: ALLOCATION OF PART-PAYMENTS AND APPROPRIATION OF  
DEPOSITS

PART 19: QUERIES IN RESPECT OF ACCOUNTS

PART 20: DISHONOURED AND OTHER UNACCEPTABLE  
CHEQUES/DEBIT ORDERS

PART 21: UNOCCUPIED PROPERTY

PART 22: ISSUE OF CLEARANCE CERTIFICATES

PART 23: PROMULGATION OF BY-LAWS

PART 24: SHORT TITLE

PART 25: ENFORCEMENT/IMPLEMENTATION

## **PART 1: LEGISLATIVE CONTEXT**

1. The credit control and debt collection policy of Ventersdorp Local Municipality is mandated by section 96(b) of the Municipal Systems Act, 2000 (No.32 of 2000), which specifically provides that a municipality must adopt, maintain and implement a credit control and debt collection policy.
2. In terms of section 152 (1) (b) of the Constitution of the Republic of South Africa, 1996 (No. 108 of 1996), one of the objects of local government is to ensure the provision of services to communities in a sustainable manner.
3. In terms of section 153 (a) of the Constitution of the Republic of South Africa, 1996 (No. 108 of 1996), a municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of and to promote the social and economic development of the community.
4. In terms of section 195 (1) of the Constitution of the Republic of South Africa, 1996 (No. 108 of 1996), public administration must be governed by the democratic values principles enshrined in the Constitution, including the following principles:
  - Efficient, economic and effective use of resources must be promoted.
  - Services must be provided impartially, fairly, equitably and without bias.
  - People's needs must be responded to.
5. In terms of section 64 (2) (a) of the Municipal Finance Management Act, 2003 (No. 56 of 2003), the municipal manager must take all reasonable steps to ensure that the municipality has effective revenue collection systems consistent with section 95 of the Municipal Systems Act and the municipality's credit control and debt collection policy.
6. In terms of section 4 (1) (c) of the Municipal Systems Act, 2000 (No. 32 of 2000), the council of a municipality has the right to finance the affairs of the municipality by charging fees for services, imposing surcharges on fees, rates on property and, to the extent authorised by national legislation, other taxes, levies and duties.
7. In terms of section 5 (1) (g) of the Municipal Systems Act, 2000 (No. 32 of 2000), members of the local community have the right to have access to municipal



services which the municipality provides, provided that, where applicable, and subject to the provisions of the policy for indent debtors, members of the community promptly pay for service fees, surcharges on fees, rates on property and other taxes, levies and duties imposed by the municipality.

8. In terms of section 6 (2) of the Municipal Systems Act, 2000 (No. 32 of 2000), the municipality must-
- be responsive to the needs of the local community;
  - facilitate a culture of public service and accountability amongst staff;
  - take measures to prevent corruption;
  - establish clear relationships, and facilitate co-operation and communication between it and the local community;
  - give members of the local community full and accurate information about the level and standard of municipal services they are entitled to receive; and
  - inform the local community how the municipality is managed, of the costs involved and the persons involved.

## **PART 2: OBJECTIVES**

The objectives of the Credit Control and Debt Collection Policy are:

1. To define a framework within which Ventersdorp Local Municipality can develop an effective procedure to bill consumers of the services it provides and collects payments for the services;
2. To ensure that all monies due and payable to the municipality are collected and applied to deliver municipal services in the best interest of the community, residents and ratepayers and in a financially sustainable manner as prescribed by the Municipal Systems Act, 2000 (No. 32 of 2000) and other applicable legislation;
- 3 To adopt, maintain and implement a credit control and debt collection policy consistent with section 97 of the Municipal Systems Act, 2000 (No. 32 of 2000) which provides for the contents of the policy;
4. To ensure that the municipality develops credit control and debt collection procedures and mechanisms that are considered to be fair and consistently enforced to all consumers.

### **PART 3: SCOPE**

This Policy shall apply and be enforceable throughout the entire area of jurisdiction of the Ventersdorp Local Municipality.

In accordance with section 97 (2) of the Municipal Systems Act, 2000 (No. 32 of 2000), the Council reserves the right to differentiate between different categories of ratepayers, users of services, debtors, taxes, services or service standards when applying this Policy.

In applying this Policy, the Council shall avoid discrimination as forbidden by the Constitution unless it is established that the discrimination is fair as allowed by the Constitution.

### **PART 4: EXPECTED DEBT RECOVERY LEVELS**

The municipality aims at ensuring that payment levels for the present and future financial years, in respect of monies due to the municipality, exclusive of the balance of the monthly accounts payable by registered indigents, are maintained at an annual average of over ninety percent (90%).

The long-term target is a debtor turnover of 30 days; that is, on average, debtors are expected to pay for services within one month of receiving accounts.

### **PART 5: ROLE OF MUNICIPAL MANAGER**

Section 100 of the Municipal Systems Act, 2000 (No. 32 of 2000) clearly assigns the legal responsibility for implementing the credit control and debt collection policy and by-laws to the municipal manager.

The Municipal Manager may delegate these responsibilities in writing to the Chief Financial Officer. However, such delegation does not absolve the municipal manager from final accountability for implementing this Policy.

The Municipal Manager shall report monthly to the Mayor and quarterly to the Council on the actions taken in terms of this Policy and on the payment levels for the periods concerned.

In addition, such monthly report shall indicate any administrative shortcomings, the measures taken or recommended to address such shortcomings, and any actions by political office bearers and councillors which could reasonably be interpreted as constituting interference in the application of this Policy.

Although the Municipal Manager is held accountable for implementing this Policy, it is the responsibility of all officials of the municipality to promote and support this Policy.

## **PART 6: ROLE OF COUNCILLORS**

Section 99 of the Municipal Systems Act, 2000 (No. 32 of 2000) places the important legal responsibility on the Mayor of monitoring and supervising the application of this Policy and of reporting to the council on the extent and success of credit control actions.

The ward committees must be actively involved in implementing the credit control and debt collection programme, and should therefore receive monthly reports on the status of the municipal manager's credit control actions. The ward committees must also actively promote this Policy, and ensure, at the same time, that the municipality's customer relations are of a standard acceptable to the community.

In order to maintain the credibility of the municipality in the implementation of this Policy, Councillors, by adopting this policy, pledge that their own accounts will at no stage fall into arrears.

## **PART 7: SERVICE CONTRACT**

A service contract shall be entered into with the municipality for each property to which the municipality is expected to provide all or any of the following services:

- Electricity
- Water
- Refuse collection
- Sewerage.

Such contract shall set out the conditions on which services are provided and shall require the signatory to note the contents of the municipality's credit control and debt collection policy, a copy of which shall be provided to such signatory, as well as the provision of the Municipal Systems Act in regard to the municipality's right of access to property.

Where the signatory is not the owner of the property to which the services are to be provided, a properly executed letter from such owner indicating that the signatory is the lawful occupant of the property shall be attached to the service contract.

The service contract shall be entered into prior to the provision of services and prior to the consumer taking occupation of the property.

Where no service contract has been entered into prior to consumption of municipal services, the owner responsible for the payment of rates shall be billed for consumption of municipal services applicable to the property.

## **PART 8: PAYMENT OF DEPOSITS**

Whenever a service contract is entered into, the signatory shall lodge a cash deposit with the municipality, such deposit to be determined as follows:

- Three months' consumption of metered services and charges for other municipal services; or a minimum amount specified by the municipal manager from time to time.
- Deposits for new domestic, commercial and industrial consumers may be re-assessed three months after the date of initial deposit and may, as a result of this reassessment, require an additional deposit from the consumer.

- Deposits may be reviewed annually and the outcome of such review shall be communicated to the consumer in the event of any variation in the deposit arrangement.

## **PART 9: ACCESS TO PROPERTY TO READ METERS**

Section 101 of the Municipal Systems Act, 2000 (No. 32 of 2000) requires the occupier, owner or tenant of a property to allow municipal officials or the municipality's authorised service provider access to read meters, install or repair meters as well as to discontinue or restrict the provision of service.

The municipal official should have proper authorisation and can only request access during reasonable hours.

If the municipality is unable to read any meter on any property because the meter has been rendered inaccessible through any act or omission of the accountholder or owner of the property concerned, the municipal manager shall estimate the consumption of the service concerned by determining the monthly average of the metered consumption recorded on the three most recent accounts in respect of which meter readings were obtained, and thereafter bill the accountholder for the monetary value of such estimated consumption plus a provisional surcharge of ten percent (10%) of such value for the first month in which the metered reading could not be obtained, escalating to twenty percent (20%) in the second month, thirty percent (30%) in the third month, and so on by ten (10) percentage points for each subsequent month, until the meter is again rendered accessible.

The accountholder shall be liable for the initial payment of such surcharge(s) as though the surcharge(s) were part of the service charge concerned, but the municipal manager shall reverse such surcharge(s) against the first account for which a meter reading is again obtained.

## **PART 10: ACCOUNTS, BILLING AND PAYMENT**

The Council shall produce and post a consolidated monthly bill to consumers for service (water, electricity, refuse collection and sewerage) charges and for rates levied on property within the municipal area unless the rates account has not been consolidated with the services account in which case separate rates account shall be posted. These accounts shall be produced in accordance meter reading cycles at regular intervals or as prescribed by law.

The account/invoice shall reflect the following details:

- Name and address of the municipality;
- Period of consumption/account;
- Consumer name;
- Consumer account number;
- Consumer postal address;
- Residence/Erf details to which the services have been supplied;
- Actual or estimated consumption for each metered service within the specified period;
- Applicable service tariff;
- Valuation of the property;
- Total annual amount of property rates due and the monthly amount of property rates due;
- Total amount due and payable;
- Amount in arrears, if any;
- Due or final date for payment;
- Methods of payment;
- Payment points; and
- Notification that failure to settle the total amount due by the due date will result in termination or restriction of services.

The Council shall undertake to post the account to consumer address, in South Africa, as specified by each consumer. In the event of non-receipt of an account, the onus is on the consumer to obtain a copy of the account from the municipality, before the due date.

Payment for account must be received at a municipality payment point by close of business on or before the due date. In the case of electronic payment, the money must be received in the municipal bank account by the close of business on or before the due date.

Accounts must be paid in full on or before the due date indicated on the account. Debt collection action shall be instituted against the consumer if accounts are not paid in full. Irrespective of the reason for non-payment of accounts, interest on arrears will accrue after the due date at a rate determined by Council from time to time.

## **PART 11: NOTICE OF DEFAULT AND INTENDED TERMINATION OR RESTRICTION OF SERVICES**

Within seven (7) calendar days after each monthly due date for payment of municipal accounts for property rates and/or service charges, the municipal manager shall dispatch to every defaulting accountholder, that is, every accountholder who as at the date of the notice has not paid the monthly account in full or has not made an acceptable arrangement with the municipal manager for partial or late payment, a notice stating that unless full payment is received or an acceptable arrangement made with the municipal manager for partial or late payment, the supply of the municipal electricity or water or both to the property to which the account in arrears relates shall be terminated or restricted fourteen (14) calendar days after the date of the notice concerned.

## **PART 12: INTEREST ON ARREARS AND OTHER PENALTY CHARGES**

Interest shall be charged on all arrear accounts at a rate determined by Council from time to time.

Interest shall be calculated on a daily basis. For purposes of determining arrear amounts, all amounts unpaid including interest previously raised and penalty charges, but excluding value added tax, shall be taken into account.

The following interest and penalty charges shall be raised:

- charges for collecting arrear rates
- charges for disconnection or restriction of services
- charges for reconnection or reinstatement of services
- charges for notices of default and other correspondence
- penalty charges for illegal reconnections
- penalty charges for dishonoured and other unacceptable cheques/debit orders

These interest and penalty charges shall be determined on an annual basis by Council when considering its annual budget.

### **PART 13: RECONNECTION OR REINSTATEMENT OF TERMINATED OR RESTRICTED SERVICES**

Services to defaulting accountholders terminated or restricted in terms of part 11 of this Policy shall be reconnected or reinstated by the municipal manager only when all the following conditions have been met:

- the arrear account has been paid in full, including the interest raised on such account; or an acceptable arrangement has been made with the municipal manager for the payment of the arrear account, including the interest raised on such account;
- the charge(s) for the notice sent in terms of part 11 of this Policy and for the reconnection or reinstatement of the terminated or restricted service(s), as determined by the council from time to time, have been paid in full;
- a service contract has been entered into with the municipality, as contemplated in part 7 of this Policy; and
- a cash deposit, as determined by the Chief Financial Officer, has been lodged with the municipality in compliance with part 8 of this Policy.

### **PART 14: PERIOD FOR RECONNECTION OR REINSTATEMENT**

The municipal manager shall reconnect or reinstate terminated or restricted services within three (3) working days after the date on which the conditions set out in part 13 of this Policy have been met, unless the municipal manager is unable to do so because of circumstances beyond the control of the municipality.

### **PART 15: ILLEGAL RECONNECTIONS**

The municipal manager shall, as soon as it comes to the notice of the municipal manager that any terminated or restricted service has been irregularly reconnected or reinstated, report such action to the South African Police Service, disconnect or restrict such service(s), and not reconnect or reinstate such service(s) until the arrear account, including the interest raised on such account, the charges for the notice sent in terms of part 11 of this Policy and



the charges for both the original and subsequent reconnection or reinstatement of the service(s) and the revised deposit have been paid in full, together with such penalty as may be determined by the council from time to time.

In addition, all metered consumption since the date of the illegal reconnection, or the estimated consumption if a reliable meter reading is not possible, shall also be paid full before any reconnection or reinstatement is considered.

#### **PART 16: SERVICES NOT RECONNECTED OR REINSTATED AFTER FOUR WEEKS**

If services have been terminated or restricted in the case of a property in respect of which the account is in arrear, and the accountholder has not paid such arrears, including the interest raised on such account, or made an acceptable arrangement with the municipal manager for the payment of the arrear account, including the interest raised on such account, within a period of twenty eight (28) calendar days after the date of termination or restriction of the service(s) concerned, the municipal manager shall forthwith hand such account over for collection and such further action as is deemed necessary to the municipality's attorneys or any debt collecting agency appointed by the council. Such further action shall include if necessary the sale in execution of such property to recover arrear property rates and service charges (if the accountholder is also the owner of the property). All legal expenses incurred by the municipality shall be for the account of the defaulting accountholder.

#### **PART 17: AGREEMENTS AND ARRANGEMENTS FOR PAYMENT OF ARREAR ACCOUNTS**

The municipal manager shall enter into agreements with defaulting accountholders for the payment of arrear accounts as depicted below.

<b>Income Group/Entity</b>	<b>Percentage payment initial</b>	<b>Period for payment of balance of arrears</b>
R1681 - R2500	10%	Maximum of 24 months
R2501 - R3500	25%	Maximum of 24 months
R3501 - R5000	50%	Maximum of 24 months
Business Entity	70%	Maximum of 6 months

Government Department	NIL	Within one financial year ending 28/29 February
Non-Governmental Organisation (NGO)	NIL	Within one municipal financial year ending 30 June

It shall be a condition for the conclusion of any arrangement that the accountholder is bound to pay every current municipal account in full and on time during the period over which such arrangement extends.

If an accountholder breaches any arrangement, the balance of the arrear account, together with the balance of interest raised on such account, shall immediately become due and payable to the municipality, and if the accountholder defaults on such payment, services to the property in question shall be terminated or restricted and the account shall be handed over for collection as envisaged in part 16 of this Policy..

#### **PART 18: ALLOCATION OF PART-PAYMENTS AND APPROPRIATION OF DEPOSITS**

If an accountholder pays only part of any municipal account due, the municipal manager shall allocate such payment as follows:

- firstly, to any unpaid charges levied by the municipality in respect of unacceptable cheques, notices, legal expenses and reconnections or reinstatements of services in respect of the account or property concerned;
- secondly, to any unpaid interest raised on the account;
- thirdly, to any unpaid sewerage charges;
- fourthly, to any unpaid refuse collection charges;
- fifthly, to any unpaid property rates;
- sixthly, to any unpaid water charges; and
- lastly, to any unpaid electricity charges.

An accountholder shall not be entitled to allocating any payment made to any portion of the arrear account.

If an accountholder defaults on the payment of an arrear account, the municipal manager shall appropriate as much of the deposit paid, in respect of the property in question, as is necessary to defray any administrative costs incurred by the municipality and the arrear amount owing to the municipality in the same sequence that is applicable to the allocation of part payments, as contemplated above.

#### **PART 19: QUERIES IN RESPECT OF ACCOUNTS**

The clerk stationed at the “Enquiries” counter at the municipality shall be contacted for all account queries.

Any query in respect of the amount due and payable as indicated on the consolidated bill must be lodged, in writing, at the municipality within ten (10) days of the date of the consolidated bill. The municipality shall investigate any query and give feedback to the accountholder within fourteen (14) working days of the receipt of the query.

An accountholder who has lodged a query is not relieved of the responsibility to maintain regular payment of his/her account. In the event of an accountholder reasonably querying any item(s) on the monthly municipal account, no action shall be taken against the accountholder as contemplated in part 11 of this Policy provided the accountholder has paid, by due date, an amount equal to the monthly average monetary value of the three most recent un-queried accounts in respect of the service under query, as well as all un-queried balances on such account, and provided further that, such query is made in writing by the accountholder or is recorded in writing by the municipal manager on behalf of the accountholder within ten (10) days of the date of the consolidated bill.

#### **PART 20: DISHONOURED AND OTHER UNACCEPTABLE CHEQUES/DEBIT ORDERS**

Refusal by accountholder’s banker(s) to honour payment by cheque or debit order shall be regarded as non-payment of account and all relevant credit control measures envisaged in this Policy shall be taken against the accountholder.

Such accountholder shall be liable for penalty charge for dishonoured and unacceptable cheque/debit order as determined by Council from time to time.

An accountholder who has tendered three dishonoured cheques or debit orders in any period of twelve (12 ) months shall not be allowed to make further payment by cheque or debit order for a period of at least one year; however, a bank guaranteed cheque shall be accepted.

#### **PART 21: UNOCCUPIED PROPERTY**

A property is deemed to be unoccupied when an accountholder terminates the account and no new consumer registers for provision of services to the property.

When water and/or electricity consumption is recorded at a property that is deemed to be unoccupied, effort shall be made to establish the identity of the person responsible for that consumption failing which the property owner shall be held liable for the payment for the services.

#### **PART 22: ISSUE OF CLEARANCE CERTIFICATES**

A property shall be transferred from one owner to another, only when all debts owed to the municipality in respect of the property have been settled. The Chief Finance Officer shall issue a clearance certificate stating that all debts owed to the municipality have been settled only when the outstanding debts in respect of the property have actually been settled. No property shall be transferred without the issue of a clearance certificate.

#### **PART 23: PROMULGATION OF BY-LAWS**

By-laws shall be promulgated to give effect to the council's credit control and debt collection policy.

The by-laws are to comply with the requirements of the Municipal Systems Act, 2000 (Act No.32 of 2000), the Water Services Act, 1997 (Act No. 108 of 1997), the Electricity Act, 1987 (Act No. 41 of 1987), the Property Rates Act, 2004 (Act No. 6 of 2004) and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The by-laws deal severely with defaulters, and their application requires a considerable degree of commitment from the municipal manager and his or her administration, as well as from the municipality's political structures. For these by-laws to ensure the avoidance of financial misfortunes for the municipality, and to lead to sustained financial stability, their application will have to receive the constant attention of all the municipality's key roleplayers and decision makers.

If these by-laws are not constantly and consistently applied, from month to

month and from year to year, the municipality's political and administrative credibility will be severely impaired, and it may not be able to avert financial collapse in the long run.

Although these by-laws envisage even the termination of basic services for defaulting accountholders, this will not in itself prevent the accumulation of arrears. The monthly billing for property rates, sewerage charges and refuse removal fees will continue in respect of defaulting accountholders, even though their consumption of electricity and water may have been terminated or restricted. The termination or restriction of services must therefore be

seen merely as a vital first step in the credit control programme, and the commitment by the municipality to follow up such actions with the full force of the law at the municipality's disposal is an essential further step if the accumulation of debts is to be meaningfully curtailed.

#### **PART 24: SHORT TITLE**

This policy is the Credit Control and Debt Collection Policy of the Ventersdorp  
Local Municipality.

#### **PART 25: ENFORCEMENT/IMPLEMENTATION**

This policy has been approved by Council in terms of resolution

.....dated ..... and comes into effect from .....